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Estimates, Ministry of Transportation and Communications

Second Session, 33rd Parliament

Thursday, October 16, 1986



Speaker: Honourable H. A. Edighoffer
Clerk of the House: C. L. DesRosiers

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday, October 16, 1986

The committee met at 10:15 a.m. in room 228.

ESTIMATES, MINISTRY OF TRANSPORTATION AND COMMUNICATIONS

Mr. Chairman: It is 10:15 a.m. We will commence consideration of the estimates for the Ministry of Transportation and Communications for a total of 10 hours. We will meet from now until 12 noon sharp, when the minister has to leave, and again following question period today. I understand the minister wishes to open with a statement.

Hon. Mr. Fulton: It is a pleasure for me to present the estimates for the Ministry of Transportation and Communications. While this is a first for me, I would like to take this opportunity to highlight some of the ministry's activities and accomplishments during the past year and its plans for the future.

Before I do, however, I would like to introduce some of my senior staff members who are here. Next to me is David Hobbs, the deputy minister. David has been deputy with the ministry for about a year. Previous to that, he was the Deputy Minister of Northern Development and Mines.

The four assistant deputy ministers are here as well: John Barr, engineering and construction; Gerry Johnston, provincial-municipal transportation; Tom Smith, safety and regulation; and Janice Service, finance and administration.

The fifth ministry program, communications, is represented by the executive director, Dave Barr. The executive director of the strategic policy secretariat is Ian Campbell. Norm Mealing is here as executive director, provincial transportation. I understand Mr. McCabe is not here; he is the executive director of municipal transportation.

In beginning the estimates process, allow me to take a few minutes to speak on Expo 86 and then review the ministry's key areas.

On Monday of this week, Expo 86 concluded in Vancouver after 165 days. Expo 86 is generally regarded as the best world exposition since Canada last hosted the world exposition in 1967.

The people of Ontario were represented by a major and beautiful pavilion at Expo 86. As the

minister, I had the pleasure of attending Expo, as did the Premier (Mr. Peterson) and several of our colleagues. I was impressed by what I found. I would like to report to this committee that the Ontario pavilion was a total success in reflecting the pride of Ontarians as a partner in Canada, in supporting the people of British Columbia as they hosted the world and in the enormous number of people who visited and enjoyed the pavilion. I understand we topped 2.5 million visits to our pavilion. Our pavilion was a success in terms of the opportunity it provided to the many Ontario singers, dancers and musicians who performed on our amphitheatre stage.

It is generally regarded that the Ontario pavilion had the honour of being among the top four pavilions—I would have said the top three—an honour shared with the magnificent Canadian pavilion, the pavilion of the host province, British Columbia, and the charming Spirit Lodge presentation by General Motors. There is no doubt we had the most striking and beautiful pavilion at Expo, thanks to the architect Eberhart Zeidler; the best restaurant at Expo, the Trillium, thanks to the mastery of Toronto restaurateur Franco Prevedello; one of the best movies at Expo, thanks to producer David Mackay; the best overall exhibit, Reflections, often referred to as the dark exhibit, created by Astrid Janson of Toronto; and an outstanding and artistically creative display of transportation and communications products from 60 Ontario manufacturers prepared by Jerry Adamson.

10:20

We had an extensive entertainment program focused around the highly skilled musicians of Humber College of Applied Arts and Technology, who thrilled Expo-goers from mid-May to Labour Day. In addition to the Humber musicians, singers and dancers, we featured more than 60 other groups representing all regions of Ontario and most cultural groups in our province. The young staff who represented us in every segment of the Ontario pavilion came from every part of our province. They proved to the world that our young people are the most skilled, charming, competent and confident you will find anywhere.

The attendance in our pavilion was measured by the number of eyeglasses used in our 3-D

movie theatre. At the close of Expo on Monday, a total of 2.78 million people had enjoyed our movie. Many more had visited the pavilion, either to witness our amphitheatre entertainment program or to enjoy the delights of the Trillium restaurant. We believe that more than three million visitors passed through the Ontario pavilion.

Many of these people chose our reflecting pool to make a wish with a coin. At noon on Monday, a ceremony was held and a donation of \$43,000, which has been recovered to date from the reflecting pool, was made to the Rick Hanson Man in Motion Fund. It is estimated that another \$5,000 or more is still to be cleared out. That, for those who like statistics, exceeds four tons of pennies, nickels, dimes and quarters. This was an unexpected reward for Ontario.

In conclusion, I must pay tribute to Harold Gilbert, who is chairman of the board of directors of the Ontario pavilion at Expo 86. He and the members of his board have been working since 1981 to create our magnificent pavilion and this program. I also want publicly to thank the senior staff of the pavilion—Jack Callen, the commissioner; Stewart Kell, deputy commissioner, operations; and Bill Rathbun, deputy commissioner, programs and protocol—and their crew for a job exceedingly well done.

Turning to the ministry, improving road safety is one of the most important activities and one that benefits everyone. I am encouraged by the gains made in recent years. The number of people killed on Ontario roads annually has declined by 21 per cent in the past 10 years. However, in 1985 we did see a small increase of five per cent over the 1984 figures; but the long-term trend is still downward, including the fatality rate per kilometre travelled. Information compiled for the six months of 1986 suggests there will be six per cent fewer fatalities this year, compared with 1985. I am also encouraged that improvements have been made in the drinking and driving area. In 1985, fewer drivers were killed in alcohol-related accidents.

Unfortunately, while the fatality numbers are down, we have not had reductions in the annual number of injuries in recent years. In 1985, more than 109,000 people were hurt in motor vehicle accidents. In addition to the human suffering involved, the direct and indirect costs of road accidents in Ontario are estimated to approach \$3 billion per year.

To address this ongoing problem, we are continuing to develop a co-ordinated, interministerial approach to reducing the human and

financial losses associated with motor vehicle accidents. This will include additional initiatives to deal with drinking and driving as well as seatbelt compliance. Furthermore, programs are being developed to improve the performance of both newly licensed drivers and those whose driving histories indicate they are at risk of becoming involved in accidents.

The accident and fatality rates for motorcycle drivers have remained distressingly high. There exists on the part of the public a perception that MTC's motorcycle testing has not been rigorous enough. Accordingly, the ministry has introduced on a trial basis at the John Rhodes Driver Examination Centre in Brampton the US-developed motorcycle operator skills test, referred to as MOST. This past summer, 50 per cent to 60 per cent of applicants failed this new test on their first attempt, a failure rate that drops significantly for those applicants making subsequent attempts. At the end of this year's motorcycle driving season, an assessment of the test's effectiveness will be conducted.

The ministry implemented the photo-licence program on February 3, 1986. The program has gone smoothly and has been well received by the general public. Drivers are being introduced to the new system as their current licences expire. In our efforts to improve highway safety, our aim is to provide enforcement agencies with a means to better identify drivers, thus ensuring that suspended driving offenders do not drive.

In the area of transportation regulation, Ontario trucking has been under review by the government. This has involved extensive discussions with the industry. Proposed reforms are currently under cabinet and interprovincial consideration. The bottom line of any reform proposals must be safety. Accordingly, we are increasing our efforts to ensure the safe and law-abiding performance of truck operators. The introduction of the National Safety Code for motor carriers, which will be phased in commencing in 1987, will require us to reinforce our truck safety programs and related enforcement activities.

We are also introducing an improved system of identifying and monitoring the performance of motor carriers through the commercial vehicle operator registration system, or CVOR, currently being set up in the ministry. This system will allow us to keep track of the performance of motor carriers and to bring offenders with unsatisfactory performance records into compliance with transportation laws and regulations.

In-service inspection of commercial motor vehicles is currently conducted under the Canadian Vehicle Safety Alliance guidelines. In conjunction with the National Safety Code, Ontario will join the Commercial Vehicle Safety Alliance. This alliance will allow for uniform in-service inspection of commercial motor vehicles throughout North America. It will also allow Ontario to recognize inspection stickers from other jurisdictions and thereby minimize delays for recently inspected vehicles at truck inspection stations.

MTC has been involved directly in the full-scale testing of the dynamics of heavy trucks. This work supports the Canadian Conference of Motor Transport Administrators and the Roads and Transportation Association of Canada vehicle weights and dimensions study to establish uniform standards for trucks across Canada. The test program has been recognized by RTAC for its excellence and within MTC by the awarding of certificates of merit to the participating staff.

Turning to the communications program, communications industries and services in Ontario employ more than 85,000 people. With the growth of the information technology sector, communications assumes a greater importance in terms of the operation of our commercial enterprises and our day-to-day reliance on the telephone network as well as radio and television programming.

My ministry has been active in promoting Ontario's interests in communications policy-making as well as promoting industry and technology developments. In the coming year, we will continue to represent Ontario's interests on broadcasting and telecommunications issues in a wide range of forums. One of the major efforts in the broadcasting area will be responding to the recently released report of the federal Caplan-Sauvageau Task Force on Broadcasting Policy.

Participation at the Canadian Radio-television and Telecommunications Commission in major hearings on telecommunications issues in the coming year will focus on representing Ontario's consumer interests on issues such as the restructuring of telephone rates. Major emphasis will also be placed on northern native and ethnic broadcasting, cable services and cable regulations, television and radio regulations, extension of northern service, satellite-delivered television services and new broadcasting technologies and programming services.

Federal-provincial dialogue will continue towards creating a national telecommunications policy for Canada. This year, my staff have participated in two major studies that will help guide our efforts in this area. The first was a review of telephone pricing across Canada, and the second looked at the issue of whether Canadian telephone companies are being bypassed in favour of going through the United States. The bypass study indicated that routing calls through the US is not a major problem and is no longer considered to be a reason to significantly alter telephone rates in this country.

10:30

In addition, I am a member of the federal-provincial ministers of communication committee, which meets every few months to make progress on the issues of roles and responsibilities and consistent interconnection policies. We have increased our efforts in advocacy to the federal government to ensure Ontario companies continue to have a broad choice of communication services at reasonable rates, which they need to remain internationally competitive.

In the provincial highways program, high priority continues to be placed on improving operations and the preservation of the existing highway system. Progress is continuing on the implementation of freeway traffic management systems. Installation of these systems is being co-ordinated with other major reconstruction work in Ottawa, Toronto and the Queen Elizabeth Way at the Burlington Bay Skyway.

The initial phase of the Burlington Bay Skyway freeway traffic management system is now in operation, with further extensions being designed. As an aside, it is my understanding that the incidence of traffic accidents has been reduced by 20 per cent or more since that system was implemented.

Design work is well under way for the Highway 401 freeway traffic management system through Metro Toronto, and several contracts will soon be tendered.

Passing lanes are an important part of our highways program aimed at increasing safety and the efficient flow of traffic on our system. Such work is progressing on Highway 69 north from Parry Sound, and additional construction of such operational features was initiated last spring on Highway 10 south of Orangeville, Highway 17 near Chalk River and Highway 17 near Sudbury. The work on these passing lanes has now been completed.

To protect the investment already made in the highway network, the ministry is placing strong-

er emphasis on maintenance and the rehabilitation of pavements and bridges. Some of the larger resurfacing and reconstruction projects that were started last year and scheduled to be completed this year include Highway 7/8 at Stratford, Highway 90 at Barrie, removal of the deck on the old Burlington Bay Skyway, the Highway 401-404 interchange; Highway 401 resurfacing through the Port Hope district and Highway 7 between Perth and Carleton Place. In northern Ontario, reconstruction work is continuing in such locations as Highway 631 north of Hornepayne and Highway 11B at Cobalt.

A number of new reconstruction and resurfacing contracts were included in the 1986 construction schedule; for example, on Highway 401 west of Tilbury, Highway 20 at Fonthill, Highway 62 north of Bonnechere and Highway 518 west of Highway 11 in the Huntsville district. New reconstruction projects in northern Ontario included improvements to Highway 6 at Manitowaning, Highway 11 between Cochrane and Fauquier, Highway 11 west of Atikokan and Highway 17 east of Upsala.

Considerable effort is also being made towards the completion of new facilities and the widening of existing highways to relieve congestion and provide support for economic growth. Work associated with the completion of major new facilities includes continued construction on Highway 404 south of Newmarket and the start of the last part of Highway 403 between Brantford and Woodstock. In the north, work is continuing on Highway 144 at Sudbury, and another contract has been awarded on the Kenora bypass.

Other major work included the widening of the Ottawa Queensway, continuation of the four-laning of Highway 35/115 north of Orono, continuation of the construction of the E. C. Row Expressway in Windsor and construction of a new interchange at Taylor Road and Highway 11 in the Bracebridge area.

With respect to tourism, the ministry is undertaking several initiatives. It goes without saying that an efficient transportation system is vital to the tourism industry. We must ensure that all modes of travel are enhanced by appropriate services to add to the travel enjoyment of visitors. In this regard, particular emphasis is being placed by the ministry on the upgrading of highway rest areas and picnic sites.

As well, last spring I announced a highway signing policy designed to expand on and improve current tourist attraction signage, which includes a relaxation of the criteria for attraction

advertisement. This initiative is now well under way and will be continued. In addition, my ministry has initiated an improved signage program to better identify municipalities.

We are also bolstering these efforts by equipping our emergency patrol vehicles with free travel information kits. Furthermore, emphasis will continue to be placed on ensuring the availability of quality service centres on limited-access highways.

Under the provincial transportation program, MTC has provided detailed input to federal transportation policy initiatives. Several issues of vital interest to Ontario have been identified and will be pursued as the specific federal legislation is introduced.

We have initiated a thorough study of current and future goods transportation needs in northern Ontario as well as a comprehensive analysis of grain transportation costs from western Canada via Thunder Bay and the Great Lakes-St. Lawrence Seaway system.

MTC continues to provide grass-roots support for Ontario companies seeking to improve their performance in the area of goods distribution. The physical distribution consulting services located in northern Ontario have been particularly successful in reducing northern industries' transportation costs.

From the passenger perspective, new initiatives will address some of the access and mobility problems facing certain segments of Ontario society. These include proposed demonstrations of more flexible systems of public transportation and improved terminal facilities at a number of locations, such as the new transit intercity bus terminal in Owen Sound.

The rail office is co-ordinating the provincial position on federal legislation relating to rail passenger services. The assessment of rail highway crossing safety is continuing, along with the establishment of a provincial position on both the transportation of dangerous goods by rail and the changes to the National Transportation Act.

Turning now to marine transportation, the serious challenge to the viability of Ontario's marine industry is continuing. Ontario ports, Ontario carriers and Ontario jobs are on the line. MTC's marine office will continue to promote business opportunities for the seaway and the Great Lakes with intense effort being directed towards the development of strategies to meet issues and threats that seem to be escalating at this time.

The aviation office is actively engaged in monitoring and assessing the rapid changes in the industry that are occurring as the move to full-scale deregulation accelerates. With respect to air services in Ontario, several new carriers have been formed, new routes inaugurated, new equipment ordered by established carriers and overall traffic growth experienced. With respect to airports, the report of the federal government's airports task force is also being reviewed and analysed to assess the potential impact on the province.

With regard to the municipal transportation program, some significant outstanding commitments remain with respect to capital expenditures that will be paid within this fiscal year's budget in municipal transit. These expenditures include the Toronto Transit Commission subway car and streetcar replacement program as well as the Ottawa transitway construction program, maintenance facilities and passenger terminals. About half of the Ottawa transitway network is operational, and work is continuing on the southeastern and eastern sections on an accelerated schedule.

In addition, my ministry places a strong emphasis on the development and testing of new technology related to automated transit management information, system operation and vehicle design and manufacturing. The successful application of these technologies will not only improve the operation of Ontario systems but also enhance export opportunities.

10:40

As you are aware, a major review of the transportation trends in the greater Toronto area is under way, and consultation with the area municipalities is ongoing concerning road and other transportation needs in the Toronto area. As well, a transit advisory group has been created to study various options for improving cross-boundary transit services in the GTA, the greater Toronto area. Its focus is on the co-ordination of planning decisions between transit systems and the possibility of greater integration of existing and future services.

Transit is a popular and visible program. It enjoys good public support and makes a significant contribution to the quality of life in our urban areas. We remain committed to assisting municipalities in providing world-class transit systems. Having said that, our transit budget is not limitless; therefore, there will be a need to control expenditures, especially on very large capital projects.

Improved productivity is a major thrust of my ministry, and I am pleased with our efforts in working with 72 urban municipalities, their operators and the Ontario Urban Transit Association. Specifically, we have established a centre for transit improvement. The centre publishes newsletters, co-ordinates workshops and seminars and assists in the development of transit staff training programs, all aimed at increasing effectiveness and efficiency. Also, this ministry has a leading role in a recently established interministerial committee that is developing appropriate methods to improve both the quality and quantity of specialized transit services for disabled persons in Ontario.

In the municipal roads program, the restoration of our budget has provided us with the opportunity to meet many more requests for funding. However, a great backlog of necessary work still exists. We are doing all we can to meet the existing municipal roads needs and will strive to further improve the situation.

To this end, work is continuing on the expansion to six lanes of the Huron Church Road connecting link in the city of Windsor. Grade separations have started or will start this year at five locations: Walkers Line in Burlington, Park Road South in Durham region, Park Road North in Brantford, Cawthra Road in Peel region and Centre Street in Brampton.

In eastern Ontario, work is continuing on Taylor-Kidd Boulevard and the Cornation Boulevard in Frontenac county and Lennox and Addington county. Reconstruction has also started on the Peterson Road, near Bancroft, to Haliburton.

In northern Ontario, work has begun on the Dawson Point Road as a development road project in the town of New Liskeard and the townships of Dymond and Hanis. Major reconstruction is continuing on the second line in Sault Ste. Marie. A contract for rehabilitation of the Keewatin Channel Bridge in Kenora and Keewatin has been awarded, with work to proceed over a two-year period.

The resources program of MTC is continuing to implement and develop promising new initiatives to promote program effectiveness. These initiatives include the development of a corporate human resources long-range forecast designed to enhance both the utilization of human resources and the development of a ministry succession planning program.

A high priority is being placed on employee training and development, with renewed emphasis on improving staff relations skills. An

improved employee performance planning and review process is being implemented, including practical skills training for all executive staff, managers and supervisors.

In the area of information technology, the ministry is making a concerted effort to broaden awareness and knowledge of developments in computer-based technology and its impacts through pilot projects such as computer-aided design, computer-aided drafting and local area networks.

All ministry programs are well along with the development of information technology long-range plans, which will form the basis for an overall ministry strategic plan to facilitate planned future investment and utilization of information technology.

The ministry is taking a lead role in efforts directed towards the more effective management of the Ontario government vehicle fleet through the development of new policies and programs.

Redevelopment of existing highway service centres to enhance their appearance and service will continue. In addition, the establishment of new centres on highways not currently served will be reviewed.

In closing, I would like to take a few moments to highlight some of the things MTC will be emphasizing in its program planning over the next few years.

As Ontario moves into the advanced industrial society, the current importance of transportation to economic wellbeing will continue and the significance of the communications sector will grow. In this emerging era, MTC not only must try to ensure that an effective transportation infrastructure exists throughout the province and support transportation-related and communications industries but also must play a wider role.

My ministry must ensure that initiatives, policies and regulations support continued development of other sectors of the economy, including particular sectors such as tourism and cultural industries, and be sensitive to the needs of special groups within our society. To this end, supporting the competitiveness of Ontario's economy by facilitating the efficient and cost-effective movement of people, goods and services is viewed as an essential goal.

MTC will encourage the research and development activities of industries, universities and institutions with which we have associations. Ontario's position will be well represented to ensure federal policies and initiatives in transportation and communications are consistent with the province's interests.

In recognition of the transportation infrastructure's essential contribution to the economy, there will be a heavy emphasis on the maintenance of our very significant investment. Greater co-ordination of safety efforts will take place in an attempt to reduce the societal and long-term health care costs of road accidents. Increased efforts will continue to be placed on responding appropriately to the needs of the transportation and/or communications disadvantaged.

Finally, the ministry will encourage and facilitate the ongoing development of its expertise and effectiveness, plus an organizational climate conducive to staff's personal growth, development and job satisfaction.

I have attempted to provide you with a brief overview of the ministry's work which I hope has been useful. I am looking forward to the more extensive discussion that I am sure will follow.

Mr. Chairman: Thank you, Minister. Mr. Gregory, do you have a statement?

Mr. Gregory: Yes, I do have a short statement, and I thank you very much for the opportunity to take part in this debate.

First, I would like to congratulate the new Minister of Transportation and Communications and wish him well in his portfolio. You certainly have some large shoes to fill, those of people such as Jim Snow—I say that figuratively, literally and in every way—the gentleman sitting to your right, the chairman of this committee, who was also Minister of Transportation and Communications, and the man whose name you mentioned, the late John Rhodes. You certainly have a job to do.

Hon. Mr. Fulton: I will accept that as a compliment.

Mr. Gregory: From a personal standpoint, I am very pleased in the circumstances that you are the minister. I suppose it sounds rather funny me saying that, but you are the best of a bad lot. I certainly find it a pleasure to serve as your critic, and I am looking forward to enjoying the next 10 hours. It should be rather enlightening.

Since your opening statement was quite wide-ranging, I hope the chairman will rule when we get around to questions that the questions can be rather wide-ranging. It is very difficult because of the number of people who will want to ask you questions regarding their ridings and because of the nature of this place, which means people cannot always be here. I hope the chairman will rule that there be a certain latitude as to when questions can be asked and not necessarily stick to the order of the votes.

Mr. Chairman: We will consider that.
10:50

Mr. Gregory: Thank you very much. There are a number of policy areas and programs of concern I want to address in my opening remarks. First and foremost is the decision by this government to dispose of the Urban Transportation Development Corp. in the way it did. I notice there was no mention of that in the statement, but I expect we will have some time to talk about it later.

Not only do I believe in the success of this corporation in the areas of research, technology and design within the transportation field, but I also believe it was managed and operated both successfully and profitably. However, the status of UTDC was significantly altered by this government's mismanagement and mishandling leading up to and during its recent sale to the private sector.

In the 1984-85 estimates debate, the last time the estimates of the Ministry of Transportation and Communications were debated, the then Minister of Transportation and Communications, Jim Snow, indicated that no provincial funding was flowing into UTDC and that there had not been any for the past several years. It is a matter of record that in 1984 the corporation paid \$2 million in royalties back to the province.

I would add that the critic for the third party, George Samis, the then member for Cornwall, expressed his party's support for the idea of developing Ontario-based technology and a manufacturing capacity through UTDC while simultaneously responding to the employment and intercity transportation needs of this province.

Irrespective of these facts, UTDC was sold at a loss and with many financial matters respecting its ongoing operation left weighing heavily on the taxpayers of Ontario. I will defer further questions and comments to our full discussion of UTDC later on in this debate.

Another area of significant concern is the Network 2011 report, a Toronto Transit Commission study that sets the trend for transit development in the greater Toronto area for the next 25 years. This study has been of extreme significance to me because of its impact on the city of Mississauga and the region of Peel. The proposal for an Eglinton Avenue West rapid transit line is identified in the study as a second priority, with a rapid transit line along Sheppard Avenue given first priority by the commission.

My concern with this recommendation hinges on the facts and figures relating to ridership

levels, population trends and employment growth, all of which support a greater need for a rapid transit service in the northwest corridor of Metro and connecting the region of Peel. This significant compilation of data was completely overlooked in the Metro study, and Metro council's parochial bias was evidenced in its recent vote to begin construction of a Sheppard line rather than an Eglinton line.

I believe that the minister, whose approval is required for the province's \$2.7-billion share of the costs, has a responsibility to more taxpayers than just those living in the heart of Metro. It is my hope that the minister will review and reconsider the study's findings and priorities from a more interregional perspective. Again, I will leave further questions and remarks for the discussion of the vote on provincial transit.

I was pleased to have had the opportunity to visit the Expo 86 site earlier this year with the minister, and I thank him for having extended the invitation to me; it was very kind of him. I regret that he did not ask me back when the fair was going, but we did not have to line up to go into the buildings when there was nobody else there, and I certainly enjoyed that.

The Ontario pavilion is a world-class structure. I note that its original design and construction were the responsibility of my former colleague, the Minister of Transportation and Communications, Jim Snow.

Upon reviewing the 1986-87 estimates budget for Expo, however, I find it somewhat disconcerting to see that the total expenditures for the Ontario pavilion now are expected to be \$30 million, plus disassembling or demolition costs. By comparison, the total cost for Ontario's Expo 86 project as announced by the former minister was just \$22 million over four years, including construction and operation. I am sure the minister will want to enlarge on the reasons for this dramatic rise in costs, which has been incurred since his taking office.

The provincial highways budget was accorded approximately \$10.8 million, or a 5.3 per cent increase, for capital and construction when compared with the figures given in the 1985-86 estimates. I hope the minister can provide his list of provincial highways designated to receive this funding. I can think of a number of highways that should be included in this list; for example, the much-needed Highway 403 and Highway 406 extensions and Highway 407.

I also call upon the minister to comment on Highway 89 and his decision to cancel its construction. While I recognize the environmen-

tal aspects of the decision, I am also cognizant of the need for an east-west access, as was the minister's cabinet colleague the Honourable John Eakins in his capacity as MTC critic during the 1984-85 estimates.

The rather controversial decision to cancel this highway has left many local residents and area politicians shaking their heads. There is an ever-increasing need for a proper east-west access not only to connect Highway 400 and Highway 11, but also Highway 7 and Highway 12. Highway 89 would have provided this long-awaited and vital link.

In an April 21, 1986, press release, the minister reconfirmed his commitment to east-west road links. Accordingly, it would be appreciated if the minister would now provide us with his alternatives to the original Highway 89 plan and advise us whether the Highway 89 project is truly dead or is resting for a while.

I would like the minister's comments on his position regarding a public trucking act. The minister will no doubt be aware of the long-standing commitment made by the previous minister to revise the outdated provisions of the Public Commercial Vehicles Act and to install in its place a new public trucking act. It has been the belief within our caucus that the provisions of the existing act no longer reflect the economic realities of the times and not only need major revisions but also a replacement with a more timely and progressive piece of legislation.

While recent amendments to this act addressed some of these concerns, many remain. A draft bill for a public trucking act was tabled in the Legislature on December 13, 1984, for public discussion. It was the hope at that time that a final bill would be introduced in the spring of 1985. A target date for full implementation was also set for January 1, 1986.

I am sure the minister is aware of the extensive review conducted by a steering committee over a period of two years, which resulted in a responsible trucking report. There was also the Gregory select committee on the highway transportation of goods of approximately 10 years ago.

As the minister can see, there has been tremendous progress and co-operation involving everyone interested in the movement of goods in and out of the province by truck. I hope it is the minister's intent to pursue the regulatory reform process which the previous minister initiated and which is well under way. Ontario can ill afford to lose more valuable time before a climate of fairness and efficiency is created within the

Ontario transportation industry. The public trucking act was conceived and designed with this objective front and centre.

I would now like to turn to the minister's plan to repeal the Ministry of Transportation and Communications Creditors Payment Act and replace it with the Construction Lien Act, 1983. The minister is aware of the many concerns expressed by interest groups regarding his proposal to adopt the Construction Lien Act for all contracts negotiated with the ministry. The minister has also confirmed his intention to proceed in this direction in spite of the private sector presentations which were made to him. Will the minister, in fact, be introducing legislation to this effect? If so, will he now advise this committee of his time frame for implementation of the same?

I will now comment on a matter I raised with the minister on April 30, regarding the upgrading of drivers' licences. At that time, I brought to the minister's attention the fact that a five-month waiting period exists for individuals wishing to upgrade their licences to class A, which is required by professional truck drivers, and class B, which is required by all bus drivers.

Many individuals applying for class B licences are women who wish to drive school buses on either a part-time or full-time basis. Through its procrastination in rectifying this situation, the ministry is preventing these people from earning an income. Many women, particularly in rural Ontario, drive school buses, not only providing a service to the local community but also contributing to the family income and, ultimately, to the local economy. Will the minister report on any progress which has been made as well as any additional efforts still being made by his ministry to alleviate these lengthy and unacceptable delays?

11:00

Another issue I wish to comment on is the decision of the Treasurer (Mr. Nixon) earlier this year to remove the sales tax exemption on heavy trucks and trailers. The Treasurer's 1986 budget calls for removal of the retail sales tax exemption on any truck, tractor or trailer with a gross vehicle mass rating of 11,778 kilograms or more, effective January 1, 1987. This move is being viewed as a grave setback to the 900 member companies of the Ontario Trucking Association; and, as we in this room all know, what affects the trucking industry affects this ministry.

While manufacturers of trucks and trailers are pleased that the sales tax exemption is continuing until January 1, 1987, the order books of the

major truck manufacturers show the industry will experience a massive reduction in orders, with countless layoffs being the end result at that time. In a July 2, 1986, submission to the Treasurer, the Canadian Truck Trailer Manufacturers' Association projected a job loss of 400 individuals employed in trailer manufacturing as a result of this sales tax reintroduction.

I find it interesting to note that the Treasurer's plan for the removal of the exemption is effective in 1987, a probable election year, at which time his revenue will increase by an estimated \$65 million. Further, allowing the sales tax exemption for the remainder of 1986 could provide the Ministry of Labour with an opportunity to grandstand on supposed increased job creation, given the growth in the truck manufacturing industry's labour force through to the end of this year.

This could very well prove to be a false increase in employment, as I said a minute ago, borne out by the layoff of regular workers in this industry as well as those hired to help fill the glut of orders placed to beat the January 1 sales tax exemption deadline.

While on the topic of the Ontario Trucking Association and its concerns, the first request this association made to the minister and to the Treasurer was for a two cent per litre rollback on fuel tax, representing a reduction from the existing 9.9 cent per litre levy to a 7.9 cent per litre levy. With an annual consumption level of approximately 2.5 billion litres, a large portion of which is consumed by members of the trucking industry, this two cent per litre reduction would have resulted in a \$35-million tax relief for that industry.

The trucking industry of this province should have seen that relief in light of the downward trend in oil prices which has existed for some months now. I further suggest that this would be precisely the case had the Liberal government not insisted on moving to a flat tax system from the ad valorem system which had been in place under the previous government.

It is particularly noteworthy that in the provinces which retained the ad valorem system consumers are seeing savings of as much as 2.42 cents per litre. Since April, the time, I might add, during which Ontario's Treasurer was preparing for his May budget, consumers in Newfoundland were paying 1.9 cents per litre less than in our province. In Prince Edward Island, the figure was 1.4 cents per litre; in Nova Scotia, 1.2 cents; in New Brunswick, 2.2 cents; and in British

Columbia, to which I referred a moment ago, a full 2.42 cents less per litre.

What we have instead is the government reaping the benefits and enjoying this \$35-million windfall largely at the expense of the trucking industry. This government has not only ignored the concerns of the trucking industry, but has grossly added to the operating costs of this sector by an unconscionable amount. The minister and his cabinet colleague, the Honourable Robert Nixon, are overlooking a large industry, one which contributes significantly to the well-being of our province and its people.

On a more positive note, I would like to congratulate the minister on his June 12, 1986, announcement regarding expansion of GO Transit services to Burlington and Hamilton. At that time, the minister indicated that on October 27, 1986, a new train will be operating three round trips on a daily basis between Hamilton and Toronto. I would like to ask the minister whether that October 27 date still holds true.

While congratulating the minister for this announcement, I hope he will not regard this as a substitute for the much-needed full rapid transit service to serve the communities to the west of Toronto. While recognizing that GO Transit is very important, it provides only a small portion of the required transit services to those western communities.

As stated earlier, the likes of Network 2011 should be given greater consideration and emphasis by the minister if those interregional needs are ever to be met.

These are only a few of the issues I would like the minister to address. I hope to discuss each of them, as well as some others, in greater detail as we proceed into the debate. For that reason, I hope this can be rather free-wheeling as we go along. Many of my colleagues have indicated to me that they wish to ask questions on a province-wide basis, but most of them will be on a local basis with concerns they have.

Mr. Pouliot: I will begin by joining my colleagues from the official opposition in commending the minister and wishing him success. In my usual style, I cannot help reflecting that it must be difficult to offer positive alternatives at a time such as this, because it reflects on the past 42 years, not of total inadequacy but of putting on the back burner some of the jobs, incentives and responsibilities that were proposed by our party.

I would also like to pay attention to the enormous social and economic significance of the Ministry of Transportation and Communications in this province. While we have been able to

observe some positive developments, much still remains to be done to ensure that "functional and balanced transportation and telecommunications systems evolve" and, further, that "they fully represent the interests of the people of Ontario." I believe these are major components of the mandate assigned to the Ministry of Transportation and Communications.

The ministry's announcement to redesign the accident-plagued intersection at Highway 15 and Highway 17 near Arnprior, while somewhat overdue, is a step in the right direction. In the same vein, Mr. Fulton's acquiescence in the importance of planning Highway 17 between Thunder Bay and the Manitoba border as a four-lane, divided freeway is, I hope, an indication of the long-overdue recognition of the transportation needs of northern Ontario. Highway 17 is Canada's only link to western Canada. It simply cannot be left in the current state of disrepair if this government is truly concerned with the economic viability of northern communities and the health and safety of its residents.

Alas, such reconstruction activities seem to be very limited. A recurring and seemingly endemic problem in Ontario's transportation network is the gross deficiency of King's and secondary highways. According to an assessment conducted in August 1986 by The Road Information Program of Canada, 7.6 per cent of these highways do not meet the pavement condition ratings established by the ministry. The roads in question are rough and rutted and need to be resurfaced or reconstructed. Deficient pavement surfaces cost Ontario motorists an average of \$100 each in wasted vehicle operating costs, not including costs associated with congestion or slowing or reaccelerating while negotiating bad stretches of pavement.

While I recognize the ministry's efforts to achieve maximum possible improvement on a limited budget, officials at TRIP maintain that it has done little to deal with the backlog of deficient roads. During the past fiscal year, the ministry widened or extended only 44 kilometres of highway in southern Ontario and a grand total of five kilometres in northern Ontario. During the same period, the figures for repavement are 400 kilometres and 350 kilometres respectively. I suggest that the ministry is far from meeting the transportation needs of Ontarians in general, and particularly those of the people in northern Ontario.

This is not idle rhetoric. TRIP reports that since the publication of the first edition of its study in 1984, there has been further deteriora-

tion of road conditions in this province. This should hardly come as a surprise to the minister.

11:10

The actual amount spent in 1984-85 on the provincial highways program was \$515,358,872, while the amount allotted this year was only \$436,802,000. These figures represent fully a 15 per cent decrease in terms of actual dollars. In real terms, the picture is even bleaker. The highway construction price index has been steadily increasing during this decade. To cite only one example, the construction price index in Ontario in 1984 was 360.9 but rose to 374.1 in 1985.

Similarly, a survey undertaken by TRIP in the fall of 1985 indicates that 3,796, or 32.5 per cent, of Ontario's 11,684 bridges are in need of replacement or rehabilitation within the next five years. In addition, there are approximately 1,500 bridges in Ontario that do not meet normal highway loading standards. While the costs of this situation to the community are difficult to calculate, there can be little doubt that it has a deleterious effect on regional industrial efforts.

Actual expenditures per annum for the past five years have declined from \$59.2 million spent in 1980 to \$55.5 million spent in 1984. Allowing for an inflation rate of eight per cent, this is an effective reduction of 38 per cent in real terms. TRIP recommended that approximately \$82 million per annum in 1985 dollars should be spent on bridge repairs over the next five years to bring Ontario bridges to an acceptable standard. The proposed budget allotted to bridge repairs in 1985-86, however, fell far short of the recommended figure. The \$56-million budget for bridge repairs represents a 30 per cent shortfall. Assuming an inflation factor of five per cent over the next five years, a further erosion will take place for a total shortfall of 40 per cent.

It is estimated that the total value of Ontario bridge structures is \$4 billion; so even the \$82 million represents a modest two per cent of the capital cost of this investment to the people of Ontario. This is quite low in comparison with funding of up to five per cent carried as capital maintenance allowance by the private sector.

The penalty for falling behind in this vital maintenance of the road system is that the cost of rehabilitation will increase as salt and weather affect the vital parts of bridge structures. It is sufficient to drive the desolate and remote roads of the north to find out that this is accurate indeed. If only 60 per cent of the required work is carried out in the next five years, as many as 1,000 bridges that could be rehabilitated may

have to be replaced. Since the average replacement cost is \$280,000, compared with an average rehabilitated estimated cost of \$73,000, the additional cost could amount to \$200 million.

At a time of underemployment in our heavy construction work force, it is prudent, both economically and socially, to bring bridges up to standard so that Ontario and Ontarians will be prepared for times of higher industrial activity and employment.

As for municipal roads, forecasts from a 1984 survey undertaken by TRIP of all municipalities in Ontario indicated that some 61 per cent, or 37,679 kilometres, of Ontario's paved municipal road system will require resurfacing or reconstruction by 1989. This will require an estimated total expenditure of \$3.4 billion during this period to prevent serious deterioration of the existing system.

Based on actual expenditures in 1983, TRIP reported that the annual spending level must increase 2.5 times, from \$270 million to \$683 million, in each of the next five years. TRIP will shortly release updates of these figures, but it has indicated that little has been done to improve on the dire prediction made two years ago. This state of affairs reveals a disturbing lack of foresight on the part of the government. A \$683-million program for the maintenance of existing municipal paved roads would generate \$341 million in wages throughout the economy of the province. This represents approximately 23,000 jobs each year for the next five years in construction and other related industries.

Few, if any, government services of a physical nature are more vital to Ontario's economic wellbeing than the road system. Ninety-four per cent of all trips are made by road. The value of goods shipped by road is greater than that shipped by rail, air and water combined. I suggest the condition of highways, bridges and roads requires this government's very urgent attention.

Public safety should always be at the forefront of the discussions surrounding the estimates. First and foremost, I want to discuss the transportation of dangerous goods and materials. Although federal regulations are in force, it is manifest that, at the very least, the regulations must be tightened.

The ideal solution to mitigate the potentially dangerous situation, which I will proceed to outline, is for this government to pass its own legislation to control the potentially dangerous situation that exists in the province. If there is any doubt that the province has a responsibility in this

sphere, I want to remind the minister that we are discussing the health and safety of Ontarians.

Furthermore, the Ontario Provincial Police and other law enforcement agencies are the first to arrive at any accident location. One illustration of the necessity of provincial intervention is the inability of the OPP to enforce a federal statute dealing with the proper posting on trucks of the contents they carry. In some cases, the truck drivers themselves do not even know what they are carrying.

A placard listing the contents is essential. In case of an accident, the authorities must have immediate knowledge of any toxic chemicals so that preventive measures can be taken. The placard law, unfortunately, is very difficult to enforce, since OPP officers do not have the authority to issue tickets to drivers who are guilty of failing to list contents. Instead, the officer must return to the station, fill out a long report and submit it to the crown. The crown then reviews the case and decides whether to issue a \$60 ticket to the offender. Therefore, because of the lack of genuine enforcement of the placard law, there is not much motivation to comply with it.

Still on the issue of the placard law, federal legislation setting standards for containers of chemicals is quite deficient. While there are guidelines for polychlorinated biphenyl containers, there is an entire litany of corrosive and explosive chemicals whose containers are not included in the regulations.

In summary, provincial legislation to create an incentive to truckers to list all contents on the side of the vehicles is indispensable. The OPP should be granted a reasonable opportunity to charge offenders. Container regulations for all toxic, corrosive and explosive chemicals should also be formulated.

The proposed deregulation of the transport industry presents another ominous threat to the health and safety of our citizens. The new National Transportation Act and Motor Vehicle Transport Act of the federal government will, in effect, mean the deregulation of the transport industry. Will the minister make a clear statement with regard to the intentions of his government? Will Ontario jump on the deregulation bandwagon and precipitate a crisis in the transport industry?

The federal proposal for sweeping deregulation at a time when there are no pressing issues facing the transportation industry indicates that the proposal is merely a knee-jerk regurgitation of similar transportation initiatives in the United

States. Indeed, we may draw upon the American example to predict what is likely to happen in Ontario if such measures are instituted.

In the United States, deregulation resulted in the reduction of fares; but small carriers, lacking the capital to survive the rate war with the larger carriers, were soon absorbed by larger conglomerates. This includes the acquisition of Western Airlines by Delta and the purchase of Air Florida and People Express by Eastern Airlines.

It is evident, therefore, that even with a larger market base, the Americans have endured heavy layoffs and expensive bankruptcies, especially in air transportation. It is thought that, at best, the new policy will bring short-term, lower air fares for passengers along same routes and lower freight rates for those in a position to be able to bargain with freight companies for rebates, or kickbacks as they are more appropriately called. These minor advantages to a minuscule proportion of the population will compensate in no way for the severe disadvantages for many others.

11:20

The minister is no doubt aware that transport is an industry which cannot grow through self-promotion. The amount of goods available for shipment at any one time in Canada is not primarily a function of the cost of shipping. While an airline seat sale might stimulate some people to travel who otherwise may not, manufacturers, importers, distributors and retailers would require enormous reductions in freight tariffs before increasing the amount of goods they would ship. Conversely, experience has shown that only slight increases in transportation costs are progressively marked up to much higher final prices, resulting in massive market distortions.

Transport today is a somewhat neutral factor in the overall cost of doing business. It is not the norm to find freight rates which cause great differences in the ability of one manufacturer to compete with another. Clearly, deregulation will change that. In the short term, shippers and receivers in large centres can expect a decrease in freight rates as new competitors enter the market and buy a portion of the business with the newly permitted secret deals and rebates. Freight companies and airlines can be expected to concentrate their efforts in major centres to establish market share and may abandon and reduce service to others that do not prove to be as profitable.

In this case, there is little relation between supply and demand. All players are merely fighting amongst themselves for a piece of a pie

that has limited potential for growth. In outlying regions, however, the relationship between supply and demand will be greater as carriers centralize operations. There it will be a matter of charging what the market will bear, what the market will support. The large carriers that remain in these markets will certainly not offer the same rates per mile as for large customers in larger centres but will use those routes to subsidize other operations.

If a region is left to smaller freight handlers, they too will soon be in a position to charge rates that reflect the new specialty service that has been created. Eventually, transportation costs will have a much greater effect upon decisions made by companies opening new plants. Smaller communities hoping to attract industry to locate along major transportation routes will have further obstacles to face.

The American experience does not bode well. In the past five years of deregulation in the United States, more than 350 mid-sized general freight carriers have gone out of business because of their inability to compete against the expanding trucking giants. Many others were absorbed by the larger concerns vying for supremacy. It has been estimated that more than 30,000 people have lost their jobs permanently and that more than 100,000 more are out of work—on layoff—in the trucking industry alone. Road freight today is dominated by only five large conglomerates, while rates have stabilized and are on the increase.

Australia had a similar experience. Prior to 1953, the year of deregulation in that country, the four largest trucking companies had five per cent of the market. Today they control approximately 75 per cent of the same market. It, therefore, becomes clear that we are risking thousands of jobs if deregulation is allowed to take place in this province.

One point should be emphasized: the trucking industry in Ontario consists largely of small family concerns. These companies were built up over the years by dint of hard work and through the gradual purchase of licences. These licences, some valued at \$300,000, would become worthless. This would be equivalent to taking pensions out of the truckers' pockets. In the United States, such losses were written off against taxes. To this day, no such provisions have been suggested for Ontario truckers. While I recognize that deregulation is a federal hobby horse, it is incumbent upon this government to provide legislation to protect an industry vital to Ontario.

The United States would be an additional source of concern to Ontario truckers under a state of deregulation. American carriers coming into the province have already proven to be a detrimental force. To mention only one instance, the purchase of International Carriers Ltd. by the American carrier, Yellow Freight System Inc., resulted not only in layoffs of Canadian drivers in Windsor and St. Catharines, because of the preference of American companies for US drivers, but also in the elimination of a number of routes. This situation is having a domino effect on other Ontario concerns. American firms are using equipment manufactured in the US, thus threatening the viability of the truck and parts manufacturing industry in Ontario.

While we are on the subject of truck manufacturing, Minister, I ask you to proceed with great caution in reimposing the seven per cent sales tax on heavy-weighted trucking equipment, effective January 1, 1987. This tax would add \$7,000 to the cost of each tractor-trailer unit, which provides a considerable incentive to manufacturers to deliver by December 31, 1986. Consequently, manufacturing is proceeding full blast at the moment and it is expected that layoffs will be massive by the time we reach December 31, 1986.

The Ontario Trucking Association has advised that a stage-by-stage reimposition of the sales tax would avoid massive layoffs in manufacturing plants in 1986-87 and would not represent any major loss of revenue, since most of the affected workers would end up becoming dependent on unemployment insurance benefits. I ask the minister, therefore, to lobby his colleague the Treasurer to give serious consideration to the formula that has been suggested by the OTA, which is three per cent sales tax as of January 1, 1987, escalating to five per cent in 1988 and to seven per cent in 1989.

One would believe there is enough money in the slush fund that the government can perhaps deal with the \$65 million less in revenue.

Hon. Mr. Fulton: I wish someone would find that slush fund.

Mr. Pouliot: There is no doubt there is room for improvement in the operation of the Canadian Transport Commission and that the review of many regulations in transport is due. The emphasis, however, should be upon the cautious improvement or removal of individual regulations case by case, rather than deregulating everything all at once. If the federal government carries out deregulation, what assurances can the minister offer that the good people of Ontario

will be protected? With increased competition, maintenance standards will inevitably diminish as companies find themselves in a financial crunch.

One need not be a mathematical or commercial genius emanating from Harvard to understand how business is conducted in the trucking industry. How will Ontario avoid the deterioration of safety that arose in California subsequent to deregulation? To elaborate, deregulation precipitated a rate war among trucking companies. Safety ranked far below profits as each firm fought for survival. Between 1980, the year deregulation was legislated in that state, and 1985, the accident rate went up by a factor of 10. Consequently, on October 1, 1986, the state of California installed a measure of rate stability, since there was general recognition that increases in accident rates were directly attributable to deregulation.

I now turn to the recent scheme announced by the federal government to rid itself of the responsibility of operating Canadian airports and grant the privilege to provincial and municipal governments. At first glance, this appears to be a laudable move. Greater local control of government services and a general decentralization of government power can operate in the interest of the public. There is some indication, unfortunately, that the federal government's motives behind this measure are less than pristine. There is a suggestion that control over the 12 airports, including Lester B. Pearson and Ottawa, which show a profit, would remain in federal hands.

It is the airports which operate at a total annual deficit of \$1 billion which will be relinquished to the provinces and municipalities. There is no indication, I hasten to add, that such a cost-cutting measure would be passed along to the taxpayer, while there is every possibility that the increased demand upon provincial and municipal revenues will be charged to the taxpayer.

In effect, the people of Ontario would be paying for the airport deficit twice or perhaps three times over. In sum, while local control of airports may sometimes be preferable, the minister should seek assurances that Ontario will not be saddled with the burden of operating those now operating at a deficit without obtaining a proportional amount of tax room from the feds.

The recent announcement by Canada's national railway companies that they will replace the caboose and rear crew with a device called end-of-train information system or ETIS should be a matter of the utmost concern to this ministry.

Doubts concerning the effectiveness of this device are well grounded.

To begin with, the United Transportation Union reports that ETIS cannot perform a number of the regular duties of the rear crew and caboose. These include the ability to smell smoke created by sticking brakes or overheated bearings; the ability to conduct a constant visual scan of the rear portion of the train to check for broken wheels, dragging equipment, seized brakes or fires; the ability to bring the train to a stop in an emergency such as brake failure; the ability to ensure the alertness of the engine crew or act as a backup if necessary; the ability to flag adjacent tracks and to protect them in emergencies; and the ability to provide medical assistance or repair assistance.

11:30

While I am fully cognizant of the performance tests of the ETIS, I argue that the results are inconclusive. The tests were restricted in duration and location. Consequently, they do not capture the reality of the widely diverse factors in Canadian railroading such as climate, cargo, elevations, grades, traffic volume, speeds and train lengths. Neither a test tube environment nor the European experience can guarantee that the ETIS can cope with the enormous distances and the extreme temperatures that exist in Canada.

The Metro Toronto Residents Action Committee or M-TRAC for rail safety echoes the doubts expressed by the United Transportation Union. M-TRAC indicates that the cabooseless test plan was put together in 30 days. There was no independent observer in the locomotive cab when the tests took place and the actual testing was conducted in the warm summer months. As for the railways' claim that there would be no layoffs because the rear-end trainmen would be placed in the locomotive cab, I draw your attention to the opposition to this plan among those who are most familiar with the issues, the people who are actually manning and conducting those trains. Enginemen have warned that increasing the number of people in the cab may add to stress and distraction.

The trains, including those hauling dangerous goods, have grown very long and heavy. Therefore, this ministry must urge the railways to utilize the ETIS as an additional safety device. I conclude this section by agreeing that technology must be encouraged and, to the extent that the ETIS can provide an additional safeguard at very little expense, it should be welcomed and the Canadian manufacturers congratulated. We cannot discard technology simply to keep people

employed, since the result may be loss of competition.

However, before we start eliminating jobs, let us prove that the technology works and that it will really lead to increased efficiency without adding to public risk. Such a risk cannot be underestimated. There are schools, hospitals and homes located adjacent to rail lines in many urban areas. The threat of chemical spills is not a fantasy; the litany of train disasters that have occurred in the past two years is daunting. In 1984 alone, there were 159 train accidents in Canada involving dangerous cargoes. In Ontario, we have had rail problems from Hornepayne to Petawawa.

Therefore, it becomes this ministry's responsibility to ensure that safety is spelled out in law. In the event of a derailment which brings harm and suffering to the public, the railways should not be able to go to court and maintain that they are not liable since they obeyed the law. If the law is inadequate or absent, it is the mandate of the government to rectify and to enact legislation that will protect the citizens of Ontario. The citizens of Ontario have the right to look to their province to protect them in the storage, handling and transport of dangerous goods.

An issue of concern to most parents of school-age children is school bus safety. At present, the provincial government has no mandatory seatbelt law for school buses. While there is still debate concerning the type of belts most appropriate for school buses, we are deeply concerned that the primary motivations for omitting them from the existing seatbelt legislation were those of installation costs and operational problems. The minister must have been the victim of expediency.

We can understand his dilemma. However, I remind him that when he was given the Transportation and Communications portfolio, he went on record that school bus safety would be a priority for the ministry. Not very much has happened since. I also suggest that it is dangerous foot-dragging to put the onus on the federal government to evaluate various alternatives to lap belts. I urge the minister to act with promptness and vigour in this area to avert a potential disaster.

A related issue is the failure of school buses to stop at railway crossings. A recent survey indicates that less than 35 per cent of school buses in eastern Ontario stop at railway crossings. The policy in nine of 13 public and separate boards in that region is for buses merely to slow down at crossings controlled by lights or barriers—it is called a "Quebec stop"—because

that is the law of the province. I urge the minister to change his stand that the existing state of affairs is satisfactory. The malfunctioning of traffic lights at crossings is not without precedent. Therefore, it is inappropriate to place considerations of convenience to drivers ahead of the safety of the public and our children.

On the subject of the safety of the general public, I ask the minister to examine the request by bus drivers that a white line be painted near the front door to keep passengers well back and avoid serious injury in cases where the bus must come to a sudden halt.

Transportation services for the handicapped are also in urgent need of ministerial action. Clients of Wheel-Trans, the Toronto Transit Commission's service for the disabled, report that they have to book seven days in advance to obtain a ride, and even then there is no guarantee that they will be accommodated. In 1985, Wheel-Trans turned down 182,929 or 27 per cent of the total ride requests from the disabled. That is shocking. This, as well as the TTC's lack of commitment to accessibility, require immediate attention from the ministry.

In addition, provincial regulations restricting companies in the business of transporting the disabled from crossing municipal boundaries require examination. Such regulations are causing considerable hardship in a number of communities in Ontario. One four-year-old Whitby girl, for example, has to be driven to Pickering each day by her father to attend a special program run by the Ajax, Pickering and Whitby Association for the Mentally Retarded, since the transport company in Whitby is not allowed under its contract to take the child to or pick her up from Pickering.

I recommend, therefore, that where the municipalities agree, every effort should be made to eliminate the bureaucratic red tape and inertia which are needlessly inconveniencing our handicapped citizens. When we talk about a social conscience, and we do not claim to have a monopoly, if we mean what we say about helping the less fortunate in our society, we have a chance to demonstrate that by acting on this very reasonable request, which should have been addressed some years back.

Finally, I would like to draw the minister's attention to a letter sent to him on September 3, 1986, by an organization committed to increasing the accessibility of public transportation to the handicapped public. The group known as Persons United for Self-Help in Ontario, or PUSH, indicates that two of its members are

unable to attend meetings in Ontario because of their inability to use public transportation, one because she could not get on the GO train because of its inaccessibility and the other because Via Rail's accessible cars and lifts were never available for her use. I request that the minister delineate what concrete steps, if any, he has taken to ensure that intercity travel is possible for people with disabilities.

Another issue which must be addressed by the ministry is the imminent threat to the viability of the St. Lawrence Seaway. Overall levels of commodity traffic had declined by 1985 to levels not seen since the late 1960s. To illustrate, the Duluth-Superior Port Authority cleared almost 44 million tons of cargo in 1979; last year it shipped only 25.7 million tons. In Thunder Bay, only 484,000 tons of iron ore were shipped in 1985, a fraction of its average in the 1970s. Shipments of grains, the seaway's most important commodity, are down by an appalling 16 per cent as of August.

I need not remind the minister of the pivotal role of the St. Lawrence Seaway in the economic health of Ontario. It is the kingpin in an integrated transportation policy that is central to an industrial and economic strategy for Ontario because of the province's physical position and its status as the industrial heartland of Canada.

I, therefore, suggest that the Ontario government cannot be indifferent to the fate of the seaway. More than one third of the Great Lakes fleet is idle. Each of the 40-odd ships tied up represents the loss of 1,000 job opportunities for seamen, and for every one of those jobs, five are lost on shore through spinoffs in services such as loading and unloading boats, ship repairs and administration.

11:40

All this has a significant impact on Niagara, home of the Welland Canal, and the strategic centre of the 4,300-kilometre St. Lawrence Seaway. Of the 1,600 sailors in the Seafarers' International Union of Canada manning the Great Lakes ships, 1,400 live in Niagara. In addition, there are dozens of small businesses in Niagara that depend on the seaway. I submit that the ministry must join ports, shippers and the St. Lawrence Seaway Authority in an aggressive promotion of the seaway system if it is to become competitive with other modes of transportation.

Perhaps consideration should be given to the suggestion made by the International Association of Great Lakes Ports that a major publicity campaign be mounted to point out seaway ports to the public. Most of us do not even know that

some of them exist. At the very least, the Ontario government must seek to ensure that it assists to the fullest extent in the creation of a flexible seaway system, one that can react to changes in the economy and challenges from other modes of transportation.

The ministry must give high priority to the subject of air transport. To begin with, the issue of security on flights within Ontario requires some examination. On August 25, 1986, an Air Ontario flight on the Sarnia-London-Toronto route was held up for more than an hour because of a telephoned bomb threat. While no explosives were found in this instance, the incident points to the need for increased security at every Ontario airport. Still on the same theme of passenger safety, it would be appropriate for your ministry to ascertain whether rescue gear and firefighting equipment at Ontario airports is adequate. At the Windsor and Toronto airports, for example, rust and mechanical problems may incapacitate rescue units at a critical time.

Another disturbing trend in the sphere of air transportation is the steadily diminishing service to towns and cities in northern Ontario. The closing by Air Canada of its operations in Sault Ste. Marie means the cessation of 64 flights per month as well as the loss of a number of jobs. Will the minister assure residents of the area that Air Ontario, norOntair and Nordair—maybe I should ask the member for Cochrane North (Mr. Fontaine) this one—will provide adequate air transportation to northern residents as an essential service that people have been taking for granted for years? It shows a lack of concern for the people of the north. We are also asking that the jobs that were eliminated by Air Canada be transferred to local or Ontario air carriers.

In a similar vein, the elimination of two North Bay flights by Air Canada threatens the future of this city. Replacing Air Canada with Air Ontario flights lessens the freight capacity on which northern Ontario business depends. Furthermore, it undermines the city's credibility to lose a national or international airline. While we all recognize the need to increase profits and improve performance, this cannot be done at the expense of communities such as North Bay and Sault Ste. Marie. Service to all communities must take precedence over the profit motive.

Unfortunately, it is not only in the sphere of air transportation that northern Ontario experiences structural disadvantages. To illustrate, it was announced in August that CN Rail plans to pull 44 employees out of Nakina, abandon its station and stop changing train crews there. While this

may appear to be an insignificant event in a small town, it means everything to Nakina. It means that Nakina, upon the announcement, began to die. People are being uprooted and have to move away. In addition, the township will lose \$635,000, which now finds its way into the local economy. As well, water and sewer bills will increase by about 69 per cent because of the devastating effect on the tax base.

The lack of regard for the unique frontier community of Nakina demands that ministry officials communicate with their federal counterparts as to the social consequences of the policies of this crown corporation. Since the announcement by CN, 14 families have already bought homes in other communities and 27 homes have been put on the market. CN is, in essence, threatening the viability of this community.

An even gloomier picture for northern Ontario is provided by CN plans to eliminate by 1990 some 14,000 jobs in order to reduce its work force by almost a quarter. This move threatens 1,260 CN jobs in northern Ontario. In this region, such measures are seen as yet another step towards job losses in favour of centralization to big southern Ontario cities. The general phase-down of jobs predicted by CN will have a tremendously adverse effect on employees in towns such as North Bay, Kapuskasing and Cochrane. We must recognize that the impact of such measures is worse in smaller communities than in larger centres, where there are more employment alternatives.

The ministry's disregard for the indispensability of infrastructure to the health and vitality of northern communities has moved even members of the House of Commons to appeal to the province for assistance. I have a copy of a letter sent to the Premier on September 23, 1986, by a friend and colleague, John Parry, who is the member of Parliament for Kenora-Rainy River, which complains of the double standard in Ontario with regard to transportation.

The deplorable condition of northern roads is threatening not only the safety of the travelling public but also local commerce. It has been the experience of those of us who have travelled the roads of northern Ontario that while you are concerned with paving the soft shoulders, our concern is centred on the area between the soft shoulders up north. It has been nothing short of a social climb of the highest order.

I have sent your ministry several invitations, and we will provide the vehicles so that you can assess at first hand the deplorable conditions of the roads in the north. Surely the minister need

not wait for federal members to remind him of his mandate and his duty. Yet as recently as July, Mr. Fulton declared that the ministry had no money to build a wider Highway 17 between Ottawa and Petawawa to relieve congestion.

In conclusion, I would request that the minister abandon his current stance on placing northern Ontario at the very bottom of his list of priorities and commit himself to the provision of the infrastructure that is indispensable to the viability of northern communities. This, in my opinion, constitutes a key component of his mandate.

I thank the minister for his patience. I could have gone on much longer. This represents my views and those of my distinguished colleague. I, too, would like to compliment the many people in your ministry. You have had an open-door policy. I am new at this game; therefore, I cannot vouch for the good quality of your predecessor. But every time I have made a telephone call, I have had nothing but courtesy. It is a pleasure. It is straightforward and honest. You deal with good substance and you are surrounded by a team of experts. We are very pleased.

Our intention was not to be negative but to offer some positive alternatives. We feel you

have done a good job—it pains me to say this—but there is room for a lot of improvement.

Hon. Mr. Fulton: I did not hear that.

Mr. Pouliot: You are sorry to hear about the good news? Okay.

On that tone, I will proceed. It is a very brief document with some amendments on account of a decision that was rendered yesterday by the Canadian Radio-television and Telecommunications Commission. It gives our philosophy or approach regarding communications.

Mr. Chairman: Before Mr. Pouliot proceeds, how long is the remainder of your document?

Mr. Pouliot: It is about three minutes short of eternity. I realize the future can last a long time. It is two and a half pages.

Mr. Chairman: I wonder whether this would be an appropriate point at which to stop and continue after question period. There are two private members' bills to be considered in the House: Mr. Breaugh's bill to amend the Municipal Act and Mr. Poirier's bill on the Human Tissue Gift Act. Would this be a convenient time to adjourn till following question period?

Agreed. See you then.

The committee recessed at 11:49 a.m.

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McCague, G. R., Chairman (Dufferin-Simcoe PC)

Witness:

From the Ministry of Transportation and Communications:

Fulton, Hon. E., Minister of Transportation and Communications (Scarborough East L)



No. G-2

Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Transportation and Communications

Second Session, 33rd Parliament
Thursday, October 16, 1986



Speaker: Honourable H. A. Edighoffer
Clerk of the House: C. L. DesRosiers

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON DEVELOPMENT

Thursday, October 16, 1986

The committee resumed at 4:16 p.m. in room 228.

ESTIMATES, MINISTRY OF TRANSPORTATION AND COMMUNICATIONS (continued)

Mr. Chairman: I wonder whether we can continue with the consideration of the estimates of the Ministry of Transportation and Communications. When we adjourned for lunch, Mr. Pouliot was in the middle of his comments. Will you please continue?

Mr. Pouliot: Merci, M. le Président. As with transportation this morning, I would like to begin on a positive note. In the area of the specific communications needs of the hearing impaired, there has been a significant development in Ontario. The Ontario Association of the Deaf requested that Bell Canada provide improved services to deaf subscribers. Specifically, the association urged Bell to provide human translators, so deaf people using a device called TDD, telecommunications device for the deaf, could have their messages relayed to recipients with normal hearing.

Currently, deaf people pay anywhere from \$240 to \$1,000 for the TDD computers, which allow them to type messages through their phones to other persons with similar equipment. While this constitutes a major improvement in communication among the deaf themselves, it still denies Ontario's deaf persons easy access to citizens with normal hearing, including storekeepers, dentists, lawyers, a host of other business people, family, friends and acquaintances.

The association asked the Canadian Radio-television and Telecommunications Commission to require Bell to provide translators who would receive the deaf persons' messages and then read them to nondeaf recipients. It is somewhat ambiguous. We can readily appreciate that it is not done overnight, but it is especially costly for people who do not have the power of the purse. The less fortunate in our society, the people who are impaired, often have trouble making ends meet; yet we are asking that, in order to be the recipients or the beneficiaries of an essential service, they fork over or shell out \$1,000, which they do not have.

Since not all institutions, such as fire halls and hospitals, which provide emergency services are equipped with a TDD device, human translators are essential for the health and safety of deaf Ontarians. There can be no disagreement among us that the deaf have a right to the same standard of community emergency services as those of us who can hear.

I was therefore delighted—and I think we can collectively and individually share this delight—to read in yesterday's Toronto Star that the CRTC, after reviewing its financial position, directed Bell to provide an around-the-clock message relay service, or MRS, for the hearing-impaired. This directive was hailed as a landmark decision by the Canadian Hearing Society. One hopes it is an indication of the future direction of the ministry with regard to providing services to the disabled.

Furthermore, I urge the minister to establish a comprehensive program for meeting the communication needs of the disabled and render Ontario the pace-setter in this area. If he means what he says, and I have been hearing him loud and clear for many months, he has an opportunity to render that essential service at a very limited cost. I note that British Columbia had already instituted a message relay service when Ontarians began lobbying for it in June this year.

I also ask the minister to support calls for a 911 emergency telephone service in the Haliburton, Kawartha and Pine Ridge area. The 911 system uses a number that is easy to remember, easy to dial and connects the caller to all emergency services. Its worth has been proven in dozens of communities. It appears, however, that the cost of setting up such a system provides a major obstacle to its establishment; that is, the bill of basic hardware alone is \$100,000.

While the municipal council would assume the preponderant share of the cost of the system, I ask the minister to demonstrate his commitment in assisting the establishment of the infrastructure necessary for uniform community services throughout Ontario by providing substantive support for a 911 service in the Haliburton, Kawartha and Pine Ridge area.

It is not my intention to chastise the distinguished people who are members of your senior staff. We are not dealing with a social crime or

sin of the highest order, but merely an omission. When we look at the overall budget and its distribution, the opportunity presents itself. We are looking at a reasonable request. We are also looking at only \$100,000.

An issue which deserves the immediate attention of the ministry is the quality of Bell Canada's service in the remote communities of the province. On August 28, 1986, I sent a letter to the minister and to the federal Minister of Communications, bringing to their attention a most distressing situation concerning Bell Canada telephone service to the community of Mud River. The operator of an outfitting company in Mud River, who is also the telephone agency holder for the area, received notice from the company that the coin-operated toll station would be closed as of October 31, 1986. The company's rigid approach in this instance is all the more reprehensible in the light of the community's dependence on the telephone for medical, police and fire emergency calls.

The reason for discontinuing the service is one of cost. Bell contends that since the total monthly billing amounts to only \$35, it is not feasible to maintain the service. It should be noted that Bell did not incorporate the indirect revenue generated by incoming toll-free and collect calls in its overall financial calculations. It was an omission of convenience.

To add insult to injury, Bell suggested that the residents of Mud River erect a tower required for the continuation and upgrading of services. This suggestion is totally inappropriate since the cost of such an endeavour would place a considerable financial hardship on the members of this community.

The minister saw fit to pass the inquiry to the CRTC. To date, I have received nothing more than a mere acknowledgement of receipt of the letter. At times the more things change, the more they remain the same.

The case of Mud River, unfortunately, does not constitute the only example of discrimination against those who live in remote communities. A resident of Ohsweken was told that the installation of a telephone would cost him \$1,200. The individual's residence is less than a mile from the fourth line where a main cable already exists. However, another cable linking the main cable to his house is needed.

The band council of the Six Nations reserve has indicated that the road on which the house is located is included in the council's five-year capital budget for roads. It will be improved in anticipation of construction of more houses. It

can be expected, therefore, that the families which live in those houses will also want telephones. It has been suggested that Bell Canada install the cable at its own expense now and recover the cost later from the increasing number of customers.

I ask the minister to use his good office to intervene in situations where the burden of acquiring services which are taken for granted in urban settings is placed overwhelmingly upon the individual who chooses to live in remote or rural areas.

I would like to take this opportunity to request that the minister pressure the federal government for improvements in the postal service, specifically, the rather arbitrary manner of selecting houses that get home delivery, such as the one reported in Kitchener-Waterloo where the age of the house determines the level of service. It creates a two-tier service, which is unfair and unacceptable to Ontarians.

Similarly, the residents of Centrepont, which is a new subdivision of 500 homes in central Nepean, are providing strong resistance to the installation of community boxes for mail delivery. The members of this community are guided by the egalitarian principle that everyone in urban residential areas should get the same mail service.

It would be entirely consistent with the ministry's mandate to ensure that cost-cutting measures by Canada Post do not result in the arbitrary suspension of each Ontarian's right to obtain the same level of social service as the next person.

To end on a positive note, I would like to add my appreciation to that expressed in June by the Wawatay Native Communications Society of Sioux Lookout for TVOntario's role in facilitating native language communications. The preservation of the language of our first Canadians and the enhancement of their culture as Indian people by TVOntario deserves our unqualified support.

Finally, the announcement by the Premier (Mr. Peterson) to provide funds for research and development in the field of communications represents a long overdue recognition of the indispensability of research and development for a thriving economy in Ontario. Ontario must continue to develop its scientific and technological capacity to provide genuine economic opportunities and career challenges to Ontarians.

Mr. Chairman: Before we go into the minister's response, there are a couple of agencies, boards and commissions connected

with the Ministry of Transportation and Communications, in particular the Urban Transportation Development Corp. and GO Transit. It might be accommodating of us to agree that those two groups could come next Thursday at 10 a.m., and when we have completed questioning them, they will be free to go and not come back for any further consideration during the estimates. Would the two critics agree to that, or do they have a different suggestion?

Mr. Gregory: Are they here today?

Mr. Chairman: No.

Mr. Gregory: They are not here. Can I ask the minister a question in that regard?

Mr. Chairman: You can ask as many questions as you like, I presume. It is usual to accommodate the people who are not completely familiar with the ministry but who are from ABCs—

Mr. Gregory: I am most co-operative. I am always co-operative.

Mr. Chairman: I know you better than most here.

Mr. Pouliot: We would like to share the characteristic of co-operation as well.

Mr. Chairman: Then if we could have the ministry notify UTDC and GO Transit to be here next Thursday at 10 a.m., that would be accommodating to them.

I presume that the minister now has a response to the remarks of the critics of the two opposition parties.

Hon. Mr. Fulton: I appreciate the consideration in allowing representatives of UTDC and GO Transit to appear at a more convenient and appropriate time.

I would like to try to touch on a number, but not necessarily all, of the issues raised in the submissions from Mr. Gregory and Mr. Pouliot. I will begin with Mr. Gregory's submission with respect to Network 2011. He is aware that it was initiated some time ago by the Toronto Transit Commission and that it proceeded under its aegis for some time. It was then moved on to the forum of Metropolitan Toronto council, where it was recently debated at length. It had before it five specific priorities, each considered top priority depending on one's geographic location.

None the less, the TTC proposal did attempt to prioritize several of those proposals. The result was that Metro council members at a meeting at the end of June established the Sheppard east-west subway line from Yonge Street to Victoria Park as being the top priority. They did not proceed to indicate what might be the second

one. It is important to realize that what they did was to build in a review mechanism. As a project proceeded, at a fixed time during that construction project, they would trigger a review so that their priorities would flow but they would not necessarily lock in stone today what might take 35 years or 25 years to build. Their manner of planning, construction and financial management would be one that could reflect changes in growth patterns throughout Metro and the regions around Metro.

At the same time, we embarked on our review as a provincial responsibility, because we are, as you are well aware, very deeply involved in the funding of a great deal of what would come from this initiative and others. We feel very strongly that the initiative in many respects needs to come from the province to expand the view of transit and transportation beyond the political boundaries as they exist simply within Metropolitan Toronto.

There are any number of competitive forces among the six municipalities that comprise Metro and between Metro and the commutershed area of the five surrounding regions. They all have number one priorities. They all have various levels of justification for their demands.

16:30

We feel strongly that a complete overview and review, which I do not believe has been done since some time around 1964, is required to see whether this tremendous infrastructure of services could be brought to provide better service in and around the greater Toronto area. This would include getting involved with fare integration between one service and another; considering the long-term needs of the overall area with respect to growth and recognizing where the growth patterns are; and determining the nature of the transportation system that might best fill the need, be it a subway, an intermediate capacity transit system, a busway, expanded buses or expanded streetcar lines; whatever is necessary.

We feel very strongly that there could be closer work and service relationships among the 17 different authorities that operate within that commutershed area. Built into that is the ongoing need for substantial road maintenance, road upgrading, road rehabilitation and, in some instances, new initiatives on roads, such as the widening of Victoria Park, of part of Eglinton Avenue in the west end and of the Gardiner Expressway, and the extension of Leslie Street. All of these matters are currently before Metro council. The largest single project in the entire picture is that of Highway 407, which is probably

the largest single financial project this ministry will ever undertake in 1986 dollars.

Putting all of those matters into a pot, it seems to us that there is every justification to undertake a very thorough and exhaustive review, and we are doing that. We hope it will not take much longer before we can start concentrating on where we believe we should. It will be a co-operative effort, because there has been and will continue to be extensive consultation with the various municipalities and political leaders involved so that no one will be left out. As best as we are financially able to address the very dramatic needs across the larger area, we have estimated that by 1990 alone, with those initiatives of which we are currently aware, this ministry will require an additional \$300 million annually. I call upon my colleagues on both sides of the House to assist us in finding that kind of money to address that very large problem.

Mr. Gregory: You are asking for suggestions?

Mr. McKessock: Donations.

Hon. Mr. Fulton: I am going to pass the hat at the end of this meeting.

The original budget of Expo 86 was referred to as \$22 million. That is true, but it was a 1982 figure. It did not take into account any number of changes that were made or entertainment and entertainment packages; nor did it take into account the increased costs for several of the exhibits, the promotion and the film, additional construction costs, the entertainment package for the amphitheatre. It did not take into account any inflation for the five years or the US exchange rate, which amounted to a fairly substantial amount of money. The total budget is sitting now at \$30 million and the current expense at something over \$28 million.

We have managed Expo 86 in a very efficient, professional and businesslike way, to the great benefit of the people of Ontario, and indeed we have contributed to a great Canadian exposition. Ontario was shown very effectively to more than three million people from around the world.

With reference to the 5.3 per cent increase from 1985-86 for capital in construction and the request for further information on whether that would include Highways 405, 406 and 407, we are pleased with the increased funding we have had for capital in construction, contrary to one of the statements made regarding a decrease in funding, which I will address in a moment.

There are many needs to be addressed in this province. Members will be aware that for some 10 or 11 years, the percentage of the provincial

budget received by this ministry decreased from 33 per cent during the days it was the Department of Highways to a low of 5.6 per cent approximately two years ago. This ministry simply did not get its fair share of a growing province to respond to the needs of an expanding economy and an expanding population.

We have managed to turn that around to the extent that, in our most recent budget, we received an across-the-board increase of 10.3 per cent. I expect we will continue to move in that direction to protect the \$20 billion of infrastructure in our inventory of roads that are currently there. We recognize it is far easier to maintain a road than it is to have to completely rehabilitate or rebuild, but we also recognize that many initiatives are required.

As Mr. Gregory referenced, and I did earlier, Highway 407 itself is considered to cost us in the range of \$500 million. One interchange alone on this project, at Highways 400 and 407, is guesstimated at \$50 million. Because of the massiveness of that project, we will require some special kind of funding, separate from our base allocation, which we have managed to restore to get on with some of the other works we inherited.

Reference was made to Highway 89 and the plans to provide alternatives. I am sure the member is referring to the 11-kilometre section through the Keswick swamp. As far as I am concerned, that project is dead. The balance of the highway is there. Some time ago, we formed a committee with the various municipal representatives, both political and professional staff, to devise other means of providing the east-west access for some 2,100 vehicles a day. It would have cost Ontario some \$35 million to provide that relatively short link.

We believe the best way to go is to develop the Ravenshoe Road, extend Highway 404 beyond its intended termination at this date and make other improvements within the general area. We seem to have general support from the people in the area, both at the regional and municipal levels. It seemed foolhardy for one ministry to destroy property acquired by another ministry when the purchase was intended to preserve and protect. I felt we should not alter that decision in any way.

We concluded—and I think rightly so—that the environmental impact far outweighed the transportation benefits to the province in that matter. I have already stated our commitment to improve the east-west linkage in the area, and we are currently working with the respective parties, as I indicated. We are instigating a further planning

study to determine where we can extend Highway 404 south of Davis Drive in Newmarket, as well as where we can locate a westerly route north of Bradford to serve the local and longer-distance roads in that area.

16:40

On the matter of trucking regulatory reform, I expect to introduce the Truck Transportation Act in the Legislature this fall, and I appreciate the apparent support from the Conservative Party. The matter has been before the Legislature or committees of the Legislature since 1977. It was first before a committee of which the Conservative critic was a member, and he was subsequently chairman of a special committee.

It has been before us for some time. It was a matter we felt strongly enough about that we would not have simply proceeded with it because it was in Orders and Notices. Because of its significance, importance and complexity, it was an issue we felt we should have an understanding of before we proceeded. With that in mind, we have spent considerable time consulting with all parties in the industry: the truckers, shippers, manufacturers, chambers of commerce and anyone else who has a vested or particular interest in the matter. We have spent more time on this than anything else I can think of. We have travelled to other jurisdictions specifically to discuss this matter, and when travelling to other jurisdictions on other business, we have made a point of discussing it.

Regulatory reform is not an issue isolated in any way to Ontario or, indeed, Canada. Australia deregulated the trucking industry in 1952. Britain deregulated approximately 10 years ago. The European Community is in the process of deregulation, which involves 10 or 11 countries. The United States initiated deregulation in 1978 and introduced it in 1980. It seems as though it is a worldwide transition that recognizes the need for each of us to be competitive. We will certainly have more to say about it as the weeks go by.

All ministries and the private sector are under the Construction Lien Act. As was mentioned earlier, there is one outstanding concern coming from Creditel, which represents bonding companies and various suppliers. My recollection is that they want us to bond at a third-party level. I am told they are arranging a further presentation to the ministry indicating what benefits might come from this change. From the meetings we have had with them, we believe the industry is fairly satisfied now with the manner in which we are proceeding.

There was reference to delays for those wanting large truck and school bus licences. We are aware of the problem, and we are working diligently with our staff to address it. We are especially concerned about those whose job opportunities may be impaired for lack of some bureaucratic initiative. We are conscious of that and do not want to see anyone prevented from employment because of the inability to meet certain time restrictions.

However, many carriers have had the authority to train and examine drivers for some time; therefore, they do not require examination by us. There may a question of some education being needed in certain sectors of the industry. At present, commercial exams can be booked four weeks ahead at our major centres in the Toronto area. Many large bus operators prebook from time to time so that they do not fall into the hole of having to wait unnecessarily. We attempt to respond to specific requests, where, as I mentioned, an individual's job might be affected, by special booking of exams. I do not think we are insensitive to that at all.

On the matter of sales tax exemptions on trucks and the diesel fuel tax, I can assure the critic that both of these matters are under consideration by the Minister of Revenue (Mr. Nixon). We appreciate very much the concerns expressed with respect to the present heavy equipment tax exemption. I have met personally with some representatives of the industry. I have had discussions with them. We will continue to bring the matter to the attention of the Treasurer (Mr. Nixon). He has expressed concerns with respect to the tax on diesel fuel. I think the feeling is that over the long run the fixed tax is fair. It is not subject to the same swings, the highs and lows, that the ad valorem approach was.

The next comment was on GO Transit, but we have agreed we will defer that. There are a couple of other points, however, that we can mention with regard to the addition of a third train to Hamilton. I can confirm that the implementation schedule of October 27 will be met, as I announced in the House some time ago. We are still on schedule to the boundary of Whitby by the end of 1988 and Burlington by 1991. These previous announcements are on time.

Mr. Pouliot stressed the importance of Highway 17, the Trans-Canada Highway, which runs entirely through the province and connects with Manitoba in the west and Quebec in the east. In Thunder Bay, we recently announced a commitment to review the feasibility of four-laning

Highway 17 from Nipigon west to the Manitoba border.

Two weeks ago today, in a meeting with my federal counterpart and my provincial colleagues, we introduced the matter of the Trans-Canada Highway not simply being another highway but also being as important today as the Canadian Pacific Railway was in the 1870s. We recognize that it is the only east-west road link across this province. It is very much a symbol of our national unity. It must be not only maintained to first-class standards but also expanded where and when possible.

The federal government participated to some extent when it was built. I have forgotten the exact numbers and percentages, but it did. There is therefore justification to ask the federal government, as I have done, to meet with our officials to determine whether some federal assistance can be obtained. They are doing this in western Canada, where they are committing \$50 million to the Yellowhead Highway, which is a second east-west national hookup. There is a precedent.

I share my colleague's concern with Highway 17. As he knows, this will be an extremely costly undertaking, but we are not going to back away from it solely for that reason. We are going to pursue it as best we can. I will advise the member if and when we receive a response from the federal government. We have already built 155 passing lanes in northern Ontario, with an additional 11 to be completed this year. With reference to the condition of Highway 17 between Ottawa and Petawawa, we have plans to initiate improvements to various intersections and passing lanes where appropriate.

16:50

The actual amount spent in 1984-85 under the provincial highways program was \$515,358,000, while the amount allotted this year is only \$436,802,000. It appears there is a misinterpretation in reading the printed estimates. You will note an increase of about four per cent between 1984-85 and 1986-87. In addition, the moneys allocated to the Ministry of Northern Development and Mines are not reflected in those totals.

On the matter of transportation of dangerous goods, Ontario's legislation on the transportation of dangerous goods came into effect on July 1, 1985. The legislation is compatible with the federal legislation on other modes of transport and with highway legislation in other provinces. The federal regulations are adopted by reference and continue to be reviewed by all provinces.

Enforcement is principally the responsibility of the MTC officers. We assist the Ontario Provincial Police and municipal police on request and have extended training to a small OPP special force. Our staff actually issue the charges in the field. Standards for containers of chemicals are under the jurisdiction of the Ministry of Consumer and Commercial Relations, and any outstanding concern will be brought to his attention.

In the matter of trucking regulatory reform, I have responded largely in my response to Mr. Gregory, but I can assure the member that the bottom line across all the jurisdictions with which we have discussed this matter, and certainly the starting point for this minister and this ministry, was that safety to the driver and safety to the motoring public would not be compromised in any thrust to reform trucking regulations. I would be very happy to arrange with both critics, at your mutual convenience, a detailed briefing with my appropriate staff to assist in addressing your specific and understood concerns.

On the matter of the National Transportation Act, Ontario has indicated general support for the principles contained in the NTA. In indicating our support, we have raised a number of concerns relating to safety, service to remote communities and the functions of the Canadian Transport Commission. We are engaged in ongoing discussions with the Department of Transport to ensure that Ontario's concerns are reflected in that legislation.

On the matter of air deregulation, deregulation has been in effect in Canada since 1984. There have been substantial increases in service in Ontario since that time, including northern Ontario. As an example, nonstop flights have increased since 1984—you might be interested in these figures—to Toronto, 29 per cent; to Ottawa, 27 per cent; to Thunder Bay, 84 per cent; to Sudbury, 27 per cent; to Timmins, 103 per cent; and to Windsor, which I did not know was in a remote part of Ontario, 127 per cent.

A number of new carriers operating services, such as City Express, have gone from a startup of 2,000 passengers a month to a current number of 28,000 passengers a month. There are a number of others: Voyageur, Pem Air and many other new services being provided. I think Rog-Air up north has approved support of its application to expand its area service. I know that Bear Skin and a few of the others are expanding scheduled service. I think even Kasabonika has five scheduled flights a day now.

Mr. Pouliot: At long last. I travelled that route.

Hon. Mr. Fulton: I know.

Mr. Pouliot: I do not mean to be rude or to interrupt, but it is 29 per cent of the overall land mass of the province, with fully 114,000 square miles. It has been long awaited, and it is nothing short of a sin of the highest order in terms of transportation.

We pay \$911 return to leave Toronto to go to Fort Severn in our riding. We have no government plane. The point is well taken, but the system is sporadic at best in some communities. It is a bold step in the right direction, but a lot remains to be done.

Hon. Mr. Fulton: There is no question about that, but it is—

Mr. Pouliot: No verbal pat on the back on this one, but a broad effort at recognizing some of the essential services.

Hon. Mr. Fulton: We support the air deregulation with the provision that essential services to remote communities and safety not be compromised.

I was surprised at the comment that transportation is a neutral factor in the overall cost of doing business. Our experience in discussions with shippers and manufacturers indicates—and this is of particular importance to northern Ontario—that the transportation component of a cost represents approximately one third. I have learned that other jurisdictions consider transportation to comprise 45 per cent of the unit cost. I do not know where your figures and that thought were coming from, but I think the cost of transportation is vitally important to the consumer and everyone else.

Within the past two weeks, we have received a report dealing with the federal task force on airports, a report which is currently under review. We support more local involvement in airports, but we do not support transfer of financial responsibility to the provinces or municipalities and we do not believe that is what the federal government was attempting to do in any event. It is negotiating with certain municipalities which, by virtue of the chamber of commerce or some other interested group, simply want to own and operate an airport. It is not uncommon in Ontario that airports are privately held and operated. Buttonville, which is close by, is a good example of that.

At the recent meeting of the ministers here in Toronto on October 2, we met with the Honourable John Crosbie. He affirmed then that the intent was not to shift the financial responsi-

bility away from the federal government but simply make the airports available where possible.

On the matter of rail safety, the caboosless train issue has been under study since 1985. We have indicated that no decision should be taken without full consideration of all the aspects and that the Canadian Transport Commission is the appropriate agency to conduct the investigations and is so doing. The CTC hearing is under way. My ministry is monitoring the results of that hearing very closely.

The transportation of dangerous goods by rail through urban areas is of great concern to the province. We are participating with the federal government task force; in fact, the former deputy minister, Harold Gilbert, is working on that issue as chairman.

On the matter of school bus seatbelts, we share the concern of safety for schoolchildren. Crash tests by the federal Department of Transport indicate the potential for severe head and neck injuries with only the use of lap belts. Crash tests under way to examine a number of seat and belt configurations, whether a lap belt, a shoulder belt, reverse seating or any number of possibilities, should be completed in the spring of 1987. We have one school board jurisdiction in Metropolitan Toronto which has initiated seatbelts. We will be awaiting the results of its experience in the near future.

Current buses have reinforced floors to avoid seat pullout, and seats have been padded and shaped to provide a protective compartment in case of a crash. The state of New York is the only jurisdiction in North America to mandate seatbelts in new vehicles. However, it is done on a local option basis. School bus injuries very fortunately remain low and/or are of a minor nature.

The matter of transportation for the disabled is very much a priority of this government. We are reviewing our policies relevant to service and eligibility. We are aware of problems in Metro relative to advance booking time and unsatisfied demand. We are supporting the Toronto Transit Commission in its efforts to improve service with Wheel-Trans and the computerization of that service. Our support in terms of funding has been increasing by approximately 20 per cent a year. It now amounts to \$13.6 million in 1986. We are currently reviewing the most appropriate way to respond to interregional needs. This goes back to some of my earlier comments.

17:00

The matter of the Great Lakes and the seaway is something in which I have a very strong personal interest. We certainly agree with the concerns expressed by you and by other members of the House over the past while. I have expressed Ontario's concerns to Mr. Crosbie and to his predecessor with respect to user charges for coast guard services, pilotage charges and seaway tolls. We continue to work with Ontario ports, carriers and shipyards to promote Ontario's interests in marine transportation.

We have sought for Ontario builders, through the federal Department of National Defence, some of that defence spending. I understand there is some negotiation under way so that Port Weller may be a prospect for some submarine construction. Whether it will actually come to fruition, I do not know, but we certainly cannot sit by and watch our marine construction industry wither and die.

We are working with the Dominion Marine Association on a major review of the cost of transporting grain through Thunder Bay and the system. We see \$17 million going into Churchill and we see a great deal of grain being barged down the Mississippi to lower freighter rates out of the port of New Orleans; meanwhile, our industry is stagnating. We are attempting to develop strategies aimed at enhancing Ontario's profile in the resolution of seaway issues. I personally went to Thunder Bay in June to speak to the port authorities and operators. I want to assure both sides it is an area of particular concern to me, on which we will expend a considerable amount of energy.

On the matter of service discontinuations, we expressed our concerns to the CTC, the federal government and Air Canada with respect to the discontinuation of Air Canada service to Sault Ste. Marie and London. Although the service will be continued by Air Ontario, we expressed the hope that employment would not be lost to Sault Ste. Marie.

Over the years, the government has made known its concerns about Canadian National's plans for Nakina. My ministry, the Ministry of Northern Development and Mines and my colleague the member for Cochrane North (Mr. Fontaine) have all expressed reservations about the loss of employment and the impact on Nakina. Mr. Fontaine and the ministry have been extensively involved with the community in attempting to generate alternatives for economic development and employment.

On the matter of communications, there was reference to the Mud River. We sent a letter to

Mr. Townsend regarding his complaint on telephone service. The letter stated that the service would continue. We have intervened on his behalf. It is a dispute between Bell Canada and CN, but we will continue to bring his case forward as best we can. The financial arrangements regarding the supply of this service between CN and Bell are still outstanding.

On the matter of the needs of the hearing-impaired, this is an area we have consistently supported. I was delighted to hear the recent announcement. Telecommunication devices for the deaf are currently the responsibility of the subscriber, but the recent CRTC decision directs Bell Canada to supply the message-answering relay service for the deaf and hearing-impaired in Ontario and Quebec. The cost of this service will be paid by Bell out of its general revenue base. I understand it is in the area of \$1 million.

On the matter of Canada Post, I hear the same kinds of problems even in my own riding and in other ridings in Metropolitan Toronto. I am not quite certain what we can do about it. I hope you are not proposing that we take over Canada Post. It is certainly a concern we share and will pass on to our federal counterparts.

On the matter of municipal roads, we are aware of the needs in the municipal road systems and we are taking all steps possible to address them. This year a \$30-million special fund called the Ontario municipal improvement fund was established to address some of the highest priority needs. We are hopeful that such special assistance will continue to be available in the future.

Bridges are given a very high priority when requests for supplementary assistance are received. In fact, this year our priorities in supplementary funding were equipment purchases and bridge restoration. This year we are initiating a study that will give us a complete picture of the conditions of municipal structures so that appropriate funding mechanisms can be put in place. I want to stress, since you were talking to Mr. Fontaine, that all our supplementary funding to municipalities this year was directed towards the purchase of heavy equipment and bridge restoration and reconstruction.

Mr. Chairman: Does that complete your response at this moment?

Hon. Mr. Fulton: That completes my response at this time.

Mr. Gregory: I am going to have a number of questions during the period of these estimates. In the interest of fairness to my colleagues, I would like to ask some questions this afternoon. Can I

get back on some time? I have never been a critic before. In 11 years, I have never been a critic.

Mr. Chairman: Yes, you have, ever since I knew you.

Mr. Gregory: I have been critical, but I have never been a critic. Is the practice that I can get back on at some time?

Mr. Chairman: Yes.

Mr. Gregory: Otherwise, I might be talking for two days.

I was very interested in the minister's comments regarding the matter I raised on Network 2011. As you can appreciate, it is of great concern to me and to many members in the Legislature. You will recall I put forward a private member's resolution which specifically spelled out that the Eglinton line should be given top priority. I will not say it was unanimously approved—there was one person who voted against it, the member for Scarborough-Ellesmere (Mr. Warner)—but the resolution was passed.

I fully recognize that a private member's resolution is about as useful as a three-cent stamp; nevertheless, it did indicate an opinion of the House about the way things should be. That in itself does not make the line a fact, since this is a Metro project, but it also involves a lot of money which comes from the province. I think the figure is \$2.7 billion for the Sheppard line alone.

You state you are about to undertake or have begun to undertake or will undertake another study on the overall transportation needs of the Metro Toronto area. Can I assume from this that you are taking the position that Network 2011, as conducted by Metro council, has no status?

Hon. Mr. Fulton: Certainly, it has status; but we have not taken a position on what we consider to be the priorities.

Mr. Gregory: Either it has or it has not. They submitted the study and the approval by Metro council on the priorities, etc.; yet we are studying it again. This study by Metro was done on a purely—I am tempted to use the word selfish, but I know that is probably improper. This study was done by Metro without any consideration given to delegations from or information supplied by outlying regions; for example, Durham, York or Peel.

Hon. Mr. Fulton: That is precisely why we undertook the study. Network 2011 is a fairly isolated study addressing certain specific needs, headed by those of the TTC.

Mr. Gregory: Right. In effect, you are taking the position, whether you are going to come out and say so or not, that Network 2011, as approved by the council of Metropolitan Toronto, does not have any status.

17:10

Hon. Mr. Fulton: No. We have a request for funding, which is currently being reviewed.

Mr. Gregory: You have a request for funding for—

Hon. Mr. Fulton: We have the resolution they passed—in June, I think it was.

Mr. Gregory: So at this point it has no status from the standpoint that you are not considering granting those moneys to proceed as they are planning at this moment.

Hon. Mr. Fulton: No decision has been made and will not be made until the overall review is completed.

Mr. Gregory: In your overall review, contrary to what was done by the TTC or Metro Toronto or whoever did it—I think it was one of the Metro councillors who chaired a committee, a woman; I do not know her name—there was really no input from any of the communities except Metropolitan Toronto. I hope you will agree with me that this study should not be conducted only by Metro on behalf of Metro for Metro's benefit or whatever. Should a study of this magnitude not have equal representation and input from all the surrounding communities?

Hon. Mr. Fulton: I do not know what delegations were heard or were attempting to be heard. Normally, the TTC has delegations at its meetings. Metro committees, the transportation committee and the planning and economic development committee, would have permitted delegations had they wanted to be there. I do not know that they did.

Traditionally, with one exception, Metro council does not permit delegations. I do not know. You may be right that not everyone was heard. The various mayors representing their jurisdictions appeared and spoke forcefully on various and sundry issues. What we are doing is broadening that overall input, the public and political input into the whole review, of which Network 2011 is a component.

Mr. Gregory: I can assure you that when the first discussions took place, and Metro gave an indication of what its findings were probably going to be—

Hon. Mr. Fulton: I am sorry?

Mr. Gregory: When the hearings were being conducted and, as a result of those hearings, Metro gave an initial indication of what its findings were going to be—in other words, about 10 top priorities—the indication at that point was that the Eglinton route was down around seventh. Up until that point, no delegations had been requested from any of the surrounding communities, none whatsoever. Then there was a public meeting called in the borough of York, or is it the city of York? At that point, we were invited from Peel region, not by Metro council but by the mayor of York, because he recognized, whereas Metro council and the TTC did not appear to, that there might be some input necessary from those communities.

At that point and only at that point, after that Metro committee had already indicated what its findings were likely to be, was input requested from those surrounding communities. Needless to say, when the final recommendation came through, lo and behold, the Eglinton line had jumped from about seventh to third. I suppose it was as a sop to those surrounding regions.

Mr. Fulton: You will also be aware that the mayor of York voted for the Sheppard line.

Mr. Gregory: The mayor of York had no alternative, I can assure you. His position was very definite. I think you know this. We can call him right now if you want. I have talked to the mayor of York on several occasions about it. Are you thinking of the mayor of East York?

Hon. Mr. Fulton: No.

Mr. Gregory: The mayor of York very definitely supported Eglinton Avenue as the number one priority, I can assure you of that. We have it in writing. I am just making the point that I do not like these things happening in Metro Toronto and recommendations coming out which seem to have some status and seem to have a legitimate request for funding from you when half the parties are not heard from. It is a foregone conclusion what they are going to find before they even request support.

If you had heard, and I hope you do hear before any final decision comes from your part and that you get input from regions such as Durham and Peel, I think you will find that they make quite a case. They do it on the basis of population requirements, future requirements, where the people are moving today, what sort of route would best serve the most people, this sort of thing. I really do not want to hammer this one to death, but it is extremely important.

Hon. Mr. Fulton: We are doing precisely that; that was the whole point. We are moving

out, organizing and co-operating with the regions and the municipalities and, indeed, doing exactly what you are suggesting. We want to know what their feelings and their needs are in respect of transportation. Network 2011 is simply one component of a much larger picture.

Mr. Gregory: It may be one component, but I do not want to see it as a component that is now etched in marble and is a part of your findings. You are starting from scratch, are you?

Hon. Mr. Fulton: Its status, Mr. Gregory, is that of a motion from Metro council.

Mr. Gregory: In other words, if the Peel region, the city of Mississauga or the borough of York came through with a motion to you, it would have equal status?

Hon. Mr. Fulton: We are looking at putting the whole package together.

Mr. Gregory: Right. In other words, Network 2011 would not have any more status than any motion from any other council. We are talking about \$2.7 billion of provincial money. I want to make sure it is spent to benefit the most people instead of just being confined to the Metro borders. I am sure Mr. Fontaine is going to agree with me on that, since he is from northern Ontario. You know what it is like to be excluded from things, do you not?

I will not dwell any more on that.

Hon. Mr. Fulton: The deputy, if he is permitted, Mr. Chairman, has a comment.

Mr. Gregory: I would love to hear from him.

Mr. Chairman: Just for the minister's information, you can have anybody in your ministry answer a question, and we will probably get into more technical ones rather than policy ones later. All they are asked to do is to come to the chairs at the back there, the three or four that are there, identify themselves and they may answer. It is different from the House in that respect. When you are in the House, you have to do them all, but when you are in committee you can seek assistance.

Mr. Hobbs: I will just add to the minister's comments that, in terms of the four Ministry of Transportation and Communications programs, we are now putting about \$500 million a year into the greater Toronto area. The purpose of the review is not to solicit comments from outside Metro about Network 2011. Metro has indicated what its priorities are in terms of its motion. That is one expression of transportation needs by one municipality, for which we would be required to provide considerable funds.

The purpose of the broader study, as I said, is not to solicit their comments on Network 2011 but to get an indication from Peel and Mississauga of what their priority needs are, so that MTC, in allocating its expenditures, can determine on a broad base where the most appropriate investment of our funds is in terms of transportation facilities covering not just transit but also roads and highways. A lot of other transportation facilities, in addition to transit, however important it is, are out there, and there are some considerable needs in terms of the growing population and employment pressures in areas outside Metro.

Thus, what we are really concerned with is ensuring that we get consultation with the other parties so that we can determine, in terms of where we put our dollars, what is the most equitable and balanced way of creating a transportation system that takes into account the needs of the broader region in addition specifically to Metro.

Mr. Gregory: You cannot imagine how good it makes me feel to hear you say that, because I frankly would feel more comfortable if the decisions were made by MTC than if Metro made a request to you for money and you went along with its request. Do you see what I am getting at?

Hon. Mr. Fulton: Yes.

Mr. Gregory: If we are going to do an overall plan, then let us do an overall plan, and MTC or cabinet, or whatever you want—I guess it is MTC—makes the decision about where that money will be spent.

Metro is a pretty big place and it naturally wields a lot of clout. I do believe you, Mr. Hobbs, that project 2011 is just one localized plan. However, I can be forgiven, I think. As I read the Toronto papers, it is almost a fait accompli. They are simply going to tell you how much money they need, and you are going to roll over. That does not make us feel very comfortable out in the great city of Mississauga or the great region of Peel, which incidentally is larger, population-wise, than most of the boroughs of Metro Toronto. It is extremely important. I feel much reassured that this is the case and I look forward to invitations to any of the public meetings you have. I know my council in Mississauga will get them. Hazel will bite you if you do not do it.

17:20

Hon. Mr. Fulton: I think they have already had one. We assure the member that he will be

invited to any meeting in that area or to any other that he wishes to attend.

Mr. Johnston: We are travelling to all the regional municipalities, requesting their input as part of the review process the minister requested. Yesterday a major meeting was held in Peel with the commissioner of planning from Peel giving us his judgement on the requirements, priorities and so on.

Mr. Gregory: Did you send me an invitation?

Mr. Johnston: This was a meeting of what they call the planning forum, which is made up of the commissioners of planning from all the regional municipalities, the local governments and area municipalities as well. All the meetings are attended by about 50 people. That was their third meeting.

Mr. Gregory: Was the planning staff from the region of Peel there?

Mr. Johnston: As well as Mississauga and Brampton. Peter Allen was representing Peel with Doug Twaites, and there is usually Bill Taylor from Mississauga; plus support staff.

Mr. Gregory: I am delighted to hear that. I am only disappointed I did not receive an invitation. I know that if there is another one, I will. Is that right?

Hon. Mr. Fulton: I also should tell you I met personally with Mayor McCallion about three or four weeks ago.

Mr. Gregory: I am sure she virtually told you what I am telling you.

Hon. Mr. Fulton: Almost verbatim.

Mr. Gregory: Her language is a little different from mine, but I am sure you understood it.

I would like to move on to Expo 86 for which the ministry is to be congratulated. It was a very successful fair and our representation from Ontario was to be admired. Questions came up in the standing committee on public accounts when we had Harold Gilbert there, the representative from the Ministry of Transportation and Communications. He dealt with a lot of questions regarding it.

My opening remarks about the cost were not meant as criticism. I recognize that some of these things do crawl up and do not always turn out exactly as one hoped they would. You told me that it came within the budget as far as the building itself is concerned. The only question I had in the public accounts committee was that it is disturbing and a shame that a building of that quality has to be demolished. I visited it and was quite impressed with some of the treatment that

was given it, wall treatment and that sort of thing.

I would not advocate Ontario having less representation than any other province, but it is a shame when you have to spend \$30 million and then spend another \$1.5 million or \$2 million to have it torn down. It is a total waste. I do not expect you can recover much money from the building products used. In retrospect—hindsight is marvellous—was there not some way we could have done it so that more of it could have been recovered or so that when demolishing it, we would not have lost so much of our initial capital investment?

Hon. Mr. Fulton: In terms of the structure itself, the original deal with the exposition was that nearly all of it was to be built on water. Most of the pavilions are held up by pylons. I understand that the city of Vancouver had a condition for proceeding and worded the contracts in such a manner that only three or four—Canada Place, BC Place and I think one other—were exempted from demolition. We share the view that of all the pavilions other than those three, the one that deserves continuity because of the location and the nature of it is that amphitheatre, which would be a tremendous asset to the city of Vancouver. The previous government offered to negotiate some settlement to turn it over to them and we have renewed that offer. To my knowledge, we have not yet received a response. I suspect it might be negative and there could be a battle between Vancouver and the Expo corporation. Our choice would be to turn it over to them at a nominal cost.

In terms of demolishing the building, I do not think the roof material is really built for our harsher winters, but the balance of it is steel and concrete. While a lot of it could be torn down and brought back, I understand, in response to the town of Collingwood's initiative, that to bring it back would cost in the neighbourhood of \$12 million. You would not be bringing the whole thing back. A lot of it would be simply lost in the demolition, and I do not think the roof would be of much value, although the metal frame would certainly be all right. However, it would not work in the cooler temperatures.

The demolition cost, which is the other option, is understood to be about \$200,000. A figure of \$2 million or \$3 million was mentioned, I think. My understanding is that the actual demolition, because of the nature of the thing, is about \$200,000.

Mr. Gregory: I am using Mr. Gilbert's figure.

Hon. Mr. Fulton: That is the figure I have seen previously. Subject to being corrected, I understand it is \$200,000.

Interjection.

Hon. Mr. Fulton: It may be \$300,000, but then they retrieve some. We can salvage the film and all the components of the restaurant. We salvage the dark exhibit and the light exhibit; most of that is returned to the manufacturers and so on. You are talking about the concrete and the roof itself. We are going to bring back as much as we can, but mainly the exhibits and the film.

Mr. Gregory: I would like to move to Highway 89, the highway through the swamp. I can appreciate the difficulties you had in this decision. I have always believed you cannot design highways from tree to tree or to accommodate every nest of yellow-bellied frogs that happens to be around. It was your word. You called it "the swamp." I think those people who were trying to protect it called it a "nature preserve" or something. The fact is that you said it was a swamp, and I guess it is a swamp.

As I understand it, most of Highway 89 has been built and we are only talking about the section that was going through that nature preserve. Do you feel comfortable with the fact it has been cancelled? I do not think the objection to it came from the people who would usually use that highway. The major objections came from environmental groups in the Toronto area, at least the groups that are organized in the Toronto area. I could be wrong. Maybe that is an assumption I should not make. The initiative of the people in the area that it was going to service was to go ahead with it. Please correct me if I am wrong in that assumption. If I am wrong, tell me why.

Hon. Mr. Fulton: The highway link has been on the back burners around here for about 35 years. There had never been a commitment by any government to proceed. The nature area was acquired by your government for preservation for a number of reasons. The amount of traffic going through that link is quite minimal, similar to the traffic on a small residential street in your neighbourhood or in mine. It is very hard to justify a \$35-million expense to eliminate a few minutes of travel from time to time by 2,100 vehicles.

We must be very sensitive to our environment. There are other areas in which we have shown personally and collectively a desire and a will to protect our environment; this was one. There was no transportation justification to destroy those

wetlands that were acquired by the previous government for preservation.

17:30

Mr. Gregory: It is much the same as the Everglades in Florida, which I believe are largely under state control for their protection. They still have highways. If the Everglades were left with no way of getting through them or viewing them, then whose benefit would it be for? Does by having a road through something, if there is any attraction at all, not benefit the majority of people because at least they would have an opportunity to see it?

Hon. Mr. Fulton: There would probably be very little to see if you built the road, because you would destroy the flora and the fauna and chase away the birds and all the other things that inhabit the area.

Mr. Gregory: Have all the alligators down in Florida run away?

Hon. Mr. Fulton: I have not spent a lot of time in that swamp.

Mr. Gregory: I do not think I would want to either, but is that not rather alarmist? I guess this is what a lot of the environmentalists will tell us, that if they build a road through anything, a 60-foot right of way—I assume that swamp, again your words—

Hon. Mr. Fulton: Wetlands.

Mr. Gregory: You are you calling it wetlands now. You have been captured by the environmentalists, I guess.

Hon. Mr. Fulton: I should get you a copy of the swamp speech I made three years ago in Scarborough. This is not a new—

Mr. Gregory: I have never seen the particular wetland area you are talking about, but I assume it is wider than 60 feet.

Hon. Mr. Fulton: Oh, sure.

Mr. Gregory: How big is it? How many acres, would you say?

Hon. Mr. Fulton: It is all of the bottom of Cook Bay. I am sure the chairman would know the actual topography.

Mr. Gregory: So a 60-foot right of way running through it is going to totally destroy it?

Hon. Mr. Fulton: There is every likelihood it would, yes.

Mr. Gregory: Not being an expert on swamps or wetlands or Everglades or anything else, I will not pursue it more.

Hon. Mr. Fulton: Once you disturb the water table, you disturb the entire wetland.

Mr. Gregory: By putting a road in you disturb the water table?

Hon. Mr. Fulton: Sure.

Mr. Gregory: I would question that. Would Mr. Hobbs like to comment on that?

I did not think so. I think the minister is over his head in the swamp on that one.

Okay; let me go from swamps to trucks. You mention that you are intending to bring forward a truck transportation act and you assumed from my remarks that you have my total support on that.

Hon. Mr. Fulton: No, I did not use the word "total."

Mr. Gregory: That you have my support on that.

Hon. Mr. Fulton: "Indication of support," I think the record reads.

Mr. Gregory: I see. Let me hasten to assure you that you may have my support, but not necessarily my support until we see it. I think the act tends towards deregulation. The report of the committee which I chaired recommended against deregulation. If you have read all 1,300 pages of it, you will see that. I would have thought you would have read that by now.

Hon. Mr. Fulton: I read it every Sunday night.

Mr. Gregory: Do you? I never make it past page 2. I fall asleep.

I do not necessarily think you could get anything from that report that would indicate total support for deregulation. I have not, and the position we would take in caucus has never been formed on that. However, the legislation is due in whatever form you care to bring it forward. Something needs to be discussed, and perhaps from that discussion some good legislation will come forward to clean up the situation partially.

As a matter of fact, in that report we did deal with a form of deregulation. We turned that aside in favour of a grandfathering clause which enabled us to bring in some of the truckers under the umbrella of government licensing, those who previously had been operating as unlicensed drivers. That happened, they were grandfathered in, and they all became regulated truckers. Now, some 10 years later, we are back to exactly where we were before. We still have the "bandits" running—I am sorry; we still have the people running unlicensed. We used to call them "bandits" then; I do not know what they are called now.

Mr. Chairman: Gypsies.

Mr. Gregory: I guess they call them uncensored truckers or something. It will be very interesting to see that coming forward. It is overdue, and I had expected it last session but—

Hon. Mr. Fulton: I should have shipped it by truck. It is coming soon.

Mr. Gregory: I thought you might have sent it by mail and it had not got here yet.

Mr. Chairman: Mr. Gregory, there is the thought among committee members that we should not sit beyond six o'clock. Mr. Pouliot is almost asleep from a long trip—

Mr. Guindon: We have lost all the Liberals.

Mr. Chairman: —and Mr. Guindon wants to change his suit.

Mr. Gregory: Are you telling me I should stop?

Mr. Chairman: If you were to stop now, you and Mr. Pouliot would have shared the time between the minister's answers and 6 p.m.

Mr. Gregory: If I were to stop now.

Mr. Pouliot: I think I have just been told to shut up.

Mr. Gregory: I will accept your offer, Mr. Chairman.

Mr. Pouliot: I appreciate your point. I am reminded that—

Hon. Mr. Fulton: Do I have the right of counsel from my own members here, or what?

Mr. Chairman: They have abandoned you.

Mr. Pouliot: I remind myself that on the way back from my trip, I should have got a case of oolong tea and we could all have kept awake.

I will not take too long. I have one or two comments, by virtue of your good staff, who worked very diligently over lunch. I was appalled and shocked at the lack of identification between, not the road system but the condition of roads in southern Ontario and the condition of roads in northern Ontario. Suffice it to travel the roads of the north—I do not have a road map—but that is an indication of the road system in the northern part of the province, a system that expands to Pickle Lake and no further.

I live in a small community, Manitouwadge, a small mining town. I drive 600 miles one way to Pickle Lake, and I use Pickle Lake as a base to fly to the other parts of the riding. The riding is some 1,700 kilometres long and 600 to 700 kilometres wide. When I talk about the road conditions of the north, I am able to attest at first hand to their advanced state of deterioration, which is deplorable at times.

I am talking about nothing short of a lifeline. I do not wish to catastrophize, but I sincerely believe the analogy or the parallel that was drawn this afternoon. You are concerned in the Golden Horseshoe and southern Ontario and Essex North about whether you are going to pave the soft shoulders, but people in the north are more concerned about the section between the soft shoulders.

I have written a letter to your colleague the member for Cochrane North (Mr. Fontaine), indicating some discrepancies in the quality of roads. I have invited him to note at first hand the deplorable conditions we must endure. I also agreed we would supply the vehicle if he would pay us the compliment of a visit.

Some work has been done, but far from enough. There have been reports, such as the Fahlgren report, and many consultants. They are the kind of people who know a hundred different ways to make love but do not know any women; on the other hand, I know a hundred women. I will leave you with that. We have been blessed with study upon study and by all indications people say we must expand the road network in northern Ontario.

You have made mention of some 100 passing lanes, and those are welcome signs, but the economy of the north is dependent on its road system to a larger extent than perhaps any other place in the province. There is also the social concept. We drive in excess of 12,000 kilometres; our average in the north is about 15,000 kilometres. To have access to goods and services, a car is the order of the day. If you do not have a car, you cannot live up north. If you want to go shopping or to recreate or to get medical services, you need a motor vehicle.

You have begun to scratch the surface in philosophy, style, method and approach. You do not exude sincerity—your background does not allow that kind of emotion, Minister—but I believe you are going in the right direction and your people are paying more attention. What is needed is a commitment. We believed what was said before, we believe what is said now, and yet when we go back home we are torn between “A nice speech but what did he say?” and “Am I really going to believe him?” I want to believe you, but we want to see some money allocated for road repair and road expansion.

17:40

In terms of deregulation, it was my morning to be appalled and shocked, but everybody gets on the bandwagon. With your indulgence, I will quote from John A. Sanderson, the vice-

president in charge of public affairs for CP Trucks, hardly one of our supporters. What he is essentially saying is: "Look, folks, things are running fairly well. Nobody is breaking down the doors."

He says: "To those who argue the need for country-wide deregulation of the industry, I would point out that there is no public outcry about irresponsible conduct or rate gouging or poor service, or for that matter anything else; and I would argue that the public interest will not be served by unleashing major legislative change when the effects of such change on the shipping public, on the transportation industry or on the national economy cannot be fully determined in advance. We ought to take the regulations and change them over so slightly so that it works better."

He is talking about pretty well replacing the "d" in deregulations with an "r," reregulation. Do it again. If some small things bother you, if there are some impediments, you have the mandate, the duty and the terms of reference to fix them; but to throw the whole thing out of kilter by virtue and reason of something that was dreamed up in the United States, where the population is 10 times larger than ours, where climate conditions are only too well known to be vastly different and where they consequently move nearly 10 times more goods than we do, you have pitfalls and shortcomings associated with deregulation.

If we want to avoid cartels and monopolies, when you give the boys who play the game so well the invitation to the table of the sin in satisfying large customers in this kind of dog-eat-dog world, the people who will be asked to carry the guilt will be people in the small communities, small business people and people who are dependent on the safety factor.

If you are determined to move, we will be unable to stop you. We are opposed to deregulation. However, we say people should move cautiously. In matters of this kind, time is not of the essence; nobody is pushing anyone. We have seen what happened elsewhere when deregulation was allowed to take place. Inevitably, there were pitfalls and shortcomings.

We cannot dissociate ourselves from the philosophy of commitment regarding deregulation without taking our responsibility to take preventive measures before that. I too will be looking forward to receiving your preventive medicine—for lack of better terminology, and I apologize—what you intend to do. If there was

ever a time to ease off and take your time, it concerns deregulation.

Overall, I was very pleased. You were not the least bit vitriolic, or too long or prolific, but with the indulgence of your aides, we will look forward in the remaining time that is allotted to us to go on one by one with the many questions and concerns we have.

Hon. Mr. Fulton: First, deregulation did not initiate itself in the US. Second, I think if you listened closely, I have not used the word "deregulation." I believe I referred to "reform of regulations" in all instances. Third, the criticism we have received is that we have been moving too slowly, with too much caution.

Mr. Pouliot: Was that criticism from a wide range of forums with valid interests?

Hon. Mr. Fulton: It was generally from the industry itself.

Mr. Pouliot: With regard to trucking, I cannot get over the seven per cent tax on equipment. People are rushing to deliver before the December 31 deadline. It is a normal reaction. People are saying they will cancel their orders if manufacturers fail to deliver, because they will have to pay seven per cent more. The point was well taken this morning to ask for the proposals of the Ontario Trucking Association and others to gradually reinstate the seven per cent tax. What is your feeling on that?

Hon. Mr. Fulton: It is a matter I have to discuss with the Minister of Revenue. He made the announcement. I am not aware that any change is forthcoming, but I have talked to him and I am quite prepared to talk with him again.

Mr. Pouliot: You are not telling me much. Perhaps you can do better. I know it is getting late, but give me your gut feeling.

Hon. Mr. Fulton: It was my understanding the industry was aware that the tax was removed for a fixed period. The tax has come off various things. It came off appliances years ago. The industry was aware of the situation. It was no surprise the tax came back on.

Mr. Pouliot: You are right. It never ceases to amaze one how easy it is to remove a tax, to give a benefit, and yet how difficult it is to reintroduce a tax. It worked so well; hence the difficulty of reintroducing it.

Transportation industry officials, for instance, have contacted our office, and there have been several others. They are not selling fear. They are saying that although the economic impacts may not be devastating, we may experience a slowdown. I wonder whether the benefit that will

be restored, the \$65-million intake, is really what it is about. That could be decreased if people are not buying. On the other hand, there are all the economic impacts associated with layoffs, loss of business and so forth.

I too am concerned and I am convinced of the merit of their presentation on reintroducing the tax in its entirety. However, they are asking for a little time. I find their approach innovative, refreshing and certainly reasonable.

Hon. Mr. Fulton: We have talked to the minister, and I believe representatives of the industry have had meetings with him. As I mentioned earlier this afternoon and again a few minutes ago, I am quite prepared to discuss the matter with him again.

Mr. Pouliot: Thank you, Mr. Chairman. That is all.

Mr. Pollock: My questions can wait, if everybody is in a hurry to get away.

Mr. Chairman: We said six o'clock; so we better continue.

Mr. Pollock: Has the ministry ever done any studies or are there a lot of studies showing that passing lanes on busy highways really prevent accidents?

Hon. Mr. Fulton: I doubt that there are a lot. The studies that are available, particularly on heavy truck movement, have indicated that the impatience of the driver behind is reduced.

An accident does not always happen at the time of exposure. It may take place two miles down the way while you are still gnawing with anger about "that jerk back there." An accident may happen far removed from the time it is triggered. I do not know how you would calculate how many accidents you would have had without passing lanes.

Mr. Pollock: I realize it is quite a situation. You are no doubt aware of Highway 37, which runs through my riding. It is classified as one of the busiest truck highways—how do you word it?—after Highway 401. There are more trucks on that road than on any other highway besides Highway 401. It is a real concern. There have been a lot of accidents on it. There was another fatal crash about a week ago. Lobbying groups have been involved for a couple of years, and I appreciate their efforts. They want something done with that highway.

I was at a meeting in Hungerford township hall, and your people in Kingston laid out the first phase of what they are going to do with that highway. I even wrote you a letter asking when you were going to call the contract for the first

phase of that highway. Are you aware of that letter?

17:50

Hon. Mr. Fulton: Not specifically. I am aware of several letters from you, your colleague and 120 others around the House. Is this the highway that runs through Sterling?

Mr. Pollock: No. It runs from Belleville through Tweed up to Highway 7.

Hon. Mr. Fulton: Tweed and Highway 7. Yes, I have been on that highway.

Mr. Pollock: Yes, it is Highway 37.

Hon. Mr. Fulton: It is a heavily used route.

Mr. Pollock: Yes. On top of that, it is not a straight highway; it twists and turns up through there, which is part of the problem. I guess part of the problem is that they come off at Highway 401, strike up there and do not start to regulate their speed. The minute they go off the 401, they are still driving way too fast. That was one of the situations brought to light when this group got involved two or three years ago. They were driving too fast. That was one of the problems. It was felt they just did not decelerate after they came off the 401.

Hon. Mr. Fulton: A common reason for an accident is that people drive too fast for the conditions they are experiencing, whether on the 401, 37 or 599.

Mr. Pollock: Because of this, the local police started patrolling far more. In fact, I was a little amused. I had the former deputy minister, Harold Gilbert, down to take a look at it one time. He pulled off on a decelerated lane in one area and the Ontario Provincial Police came down the road and told him to move on, that he should not be parked there.

I am concerned about Highway 37. I am concerned to keep it moving along and about any repairs. In the program for this road, they did not have any passing lanes. In talking with Ministry of Transportation and Communications people in Kingston, I find it is a bit of a problem even to get passing lanes, because of so many other roads joining on. Apparently, where there are intersections passing lanes can be a problem.

Hon. Mr. Fulton: If your letter is in my office, it will be dealt with expeditiously and we will follow through in the next day or so.

Mr. Hobbs: In terms of Highway 37, alignment improvements are scheduled for this year.

Mr. Pollock: You are talking about the 1986-87 fiscal year?

Mr. Hobbs: Yes. It is on the program. At present, there are not any specific improvements related to passing lanes, but we are certainly aware that there is, in terms of the condition of that road, a need to do some work on the alignments to make it safer. Some work is scheduled for this year. I am not sure what is on for the future. I am not aware, and I am not sure that the staff is aware, that there has been any specific request for passing lanes on Highway 37. To date, I am aware of only the alignment improvements.

Mr. Pollock: I raised the issue of passing lanes because, on account of the fact that there is so much truck traffic on that road, people try to pass the trucks or the trucks try to pass cars, which causes a problem. To try to put passing lanes in there is definitely a problem because so many side roads come out on to that road. They claim that passing lanes at intersections can cause more problems than good.

I do not want to hold up what is going to be done at present, but I hope that every stone has been turned to make sure that when you do work on that road, it be done to the satisfaction of the local people and to the highest safety standards.

Hon. Mr. Fulton: We take those two factors into consideration all the time. We will certainly pursue the contents of your letter.

Mr. Pollock: There is one other thing you mentioned when you were talking about Expo 86. How did the United States exchange increase the cost of Expo?

Hon. Mr. Fulton: There were various and sundry materials—some of it, most of it, I think, was because of film.

Mr. Pollock: In other words, the film was made in the United States?

Hon. Mr. Fulton: No. There was some development work done down there; not a great deal, but it was a factor. I figure anything over a \$20 bill is a factor.

Mr. Pollock: I guess that is all right at present. I might have more questions as the estimates go on.

Mr. Chairman: May I ask a couple of questions? Is that appropriate?

I have to give some Expo figures to the press. One of the questions was, under what terms and conditions was the pavilion offered to British Columbia? As I understand it, the offer was made or the fact was made known that it was there and because of a lack of interest by BC, there never really was any negotiation. Is that correct?

Hon. Mr. Fulton: That is my understanding. Because of the existing terms in the contract, the previous government was not interested. We felt it was worth our time and interest to make a further approach when Mr. Vander Zalm became Premier to see whether there was a change of heart. To my knowledge, we have not received any response.

Mr. Chairman: On demolition, although the bids are not in, the costs are presumed to be about \$300,000?

Hon. Mr. Fulton: The figure I had was \$200,000.

Mr. Hobbs: When we asked around about what might be a reasonable cost, without going and getting anything specific, the initial figure we had was \$200,000, but it was recognized that that was a ball-park figure. At this point, we anticipate that it may well be closer to \$300,000. Again, because of the unique nature of something such as that, it was very difficult to be more precise than to get some sort of a general indication of what might be the situation.

Mr. Chairman: As the minister will no doubt know, there were some studies done and somebody asked the question a little earlier of why it could not have been constructed with a view to bringing it back. There was a rather novel idea a few years ago to construct it in Collingwood, take it via the Panama Canal out to Vancouver and then to bring it back. There was a study done on where it might be located when it came back to Ontario. As I recall, Cobourg and Collingwood were at least two of the places that were being considered. However, when they got into talking to Mr. Zeidler about cost, that idea was squashed.

The press is asking me again about the cost to move or whatever, to take it down and reassemble it in a place such as Collingwood. I have two figures. One figure, to replicate it in Collingwood—and I presume that would be with cement and the moving of what could be moved—is \$26 million; and then another figure that talks about just moving it is \$12 million. Can you straighten me out on those figures?

Hon. Mr. Fulton: The figure I have, and that is also quoted here in the press, is \$12 million to set up the exhibit somewhere in Ontario. That is the figure we have been using right along.

Mr. Hobbs: You have to characterize that as the minimum number because when it became apparent that a minimum cost was going to be \$12 million, there were no detailed studies done beyond that in terms of precisely what it would

cost to reconstruct. We have not gone in and done a detailed feasibility study because of the fact that as soon as \$12 million hit the table as a minimum cost on the basis of an initial assessment, it was deemed to be too expensive to bring it back and put it up.

Mr. Chairman: Have most of your customers disappeared?

Mr. Hobbs: I do not think they ever appeared.

Mr. Chairman: We want to welcome Mr. Andrewes and point out that it is six o'clock and we are going to adjourn. See you next week at 10 a.m., same time, same place presumably.

The committee adjourned at 6 p.m.

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From the Ministry of Transportation and Communications:

- Fulton, Hon. E., Minister of Transportation and Communications (Scarborough East L)
- Hobbs, D. G., Deputy Minister
- Johnston, G. H., Assistant Deputy Minister, Provincial/Municipal Transportation



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Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Transportation and Communications

Second Session, 33rd Parliament

Thursday, October 23, 1986

Morning Sitting

Speaker: Honourable H. A. Edighoffer

Clerk of the House: C. L. DesRosiers



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday, October 23, 1986

The committee met at 10:10 a.m. in room 228.

ESTIMATES, MINISTRY OF TRANSPORTATION AND COMMUNICATIONS (continued)

On vote 2601, ministry administration program; item 1, main office:

Mr. Chairman: The committee will come to order. We were on vote 2601. Interpreted, that means all of them.

Mr. Pouliot has asked the indulgence of the committee to spend five minutes at the start telling us about the virtues of the north. I think we can accede to that five minutes, but we want then to get into consideration of those items that apply to the Urban Transportation Development Corp. and GO Transit. Mr. Gregory, do you have a question?

Mr. Gregory: Can I assume from what you said that we will remain on vote 2601 and be rather free-wheeling?

Mr. Chairman: The only reason I said that was that Ms. Deller insisted I do, and yes, you are right, it will be very free-wheeling.

Mr. G. I. Miller: Did everyone here get a copy of the estimates from the Minister of Transportation and Communications (Mr. Fulton)?

Mr. Chairman: Everybody who was on the committee. There is lots of information here for you.

Mr. Pouliot: Suffice it to mention that we appreciate the courtesy of both the chair and Mr. Gregory in allowing a moment or two to bring forth some of the problems. They may sound somewhat parochial, but I mentioned before that the riding I represent is fully 28 or 29 per cent of the overall land mass of Ontario.

I must confess that we discarded a full 15 pages of items giving the appalling problems the Ministry of Transportation and Communications is facing. We thought perhaps courtesy, good manners and decorum would become the order of the day and limited our leadoff remarks to a mere hour and 20 minutes.

There is a myriad of problems. I am not saying it is a mosaic of incompetence, but a lot has been done and a lot more remains to be done. They are not all that confident in terms of the future unless

the minister is able to lobby very heavily with his cabinet colleagues in obtaining a larger share of the disbursements in Ontario. I have already taken two minutes, so I will go to the subject matter being addressed.

The first matter I would like to address regards the class R licence for motorcycle operators. It appears that individuals who wish to drive motorcycles must pass a written test. The test is given for a reasonable \$11 fee. This allows the person to drive a motorcycle for 60 days. Once the 60 days are up, however, the driver can rewrite the test for \$3. This can be repeated indefinitely, thus allowing those who have never been subject to a road test to drive without a licence. I request therefore that road tests be mandatory. The possibility of obtaining temporary licences for an indefinite period for a \$3 fee does in effect permit untested and perhaps unqualified drivers to operate vehicles. This situation represents a danger to the general public as well as to the driver. I hope the point is well taken.

The other point I would like to raise regards our native Canadians. Suffice it to mention that when we talk about Third World conditions, we need not journey abroad to find them. The record of both the federal and provincial governments is one that is nothing short of neglect, and our Canadian natives have been the subject of negligence and, indeed, incompetence for at least the past century.

It reminds me of a situation at Muskrat Dam, and I know this at first hand. It is not in the riding of Lake Nipigon, which extends to the shores of Hudson Bay and includes the northernmost community in Ontario, Fort Severn. However, one of the tableaux, the very vivid and descriptive tableaux, is an elder in the reserve of Muskrat Dam before electrification, clutching a sockful of change to make a desperate phone call.

Those people do not make waves. They try to be hard working. They are not filled with confidence. They begin to stoop. Leadership is not always the order of the day. It is not always as adequate as we would have it when we view things from our point of view.

I would encourage you and your ministry to come see at first hand the appalling and shocking conditions in the northern reserves. If this is how

we treat our minorities and if what we have done to our native Canadians is a definition of civilization, I assure you we have missed the boat and have a lot of soul-searching to do and providing of positive alternatives.

I will not bore you with 15 pages of documents, because I know you do have a clear conscience and you value the sleep of the just that the Bible often mentions. I will petition your ministry and give it at first hand what we have noticed up north. It is an appalling condition. Things are getting better this year; there is a sense of a new beginning and your ministry is very much involved. But seriously, a lot more remains to be done for the specific welfare of our first Canadians in the northern reserves.

That is all. Thank you for your indulgence.

Hon. Mr. Fulton: Very briefly, I appreciate the member's comments. On the matter of the class R licences, we share considerable concern with that area. We have raised publicly in the past the increasing negative statistics involving motorcycle operators, riders and drivers. We have instituted new programs this year that have had some positive effect, but I do take your suggestion seriously and we will undertake to review that with our appropriate ministerial staff.

In the matter of native Canadians, I share your concern. I have spent considerable time under limited circumstances in going to the north in particular and have visited quite a number of airfields and reserves. A lot of our airports are adjacent to reservations. We have met repeatedly with a number of the native bands and heard their submissions. In most cases we have been able to meet a number of their needs. We recognize that there are many needs, and many that have been unattended to and not yet addressed.

My staff and I are committed to pursuing an upgrading wherever and whenever possible within the financial means of the government and the ministry, so as to address some of the issues you have raised. I appreciate that you have raised them.

10:20

Mr. Hobbs: Mr. Pouliot, can I take it from your comments that you are going to give us some type of document or list of concerns?

Mr. Pouliot: We will have our office forward them as soon as we possibly can. We have some items to highlight the problems, but our main files—

Mr. Hobbs: Is the issue of Muskrat Dam one of the availability of exchange service versus a single phone, say, in the community hall?

Mr. Pouliot: No, it is the transportation item, which means everything in terms of quality of life.

Mr. Hobbs: Okay.

Mr. Pouliot: There is a barge leaving Moosonee twice a year that goes into the northernmost community of Fort Severn. Transportation is really the order of the day. We are talking about people paying anywhere from \$5.50 to \$7 a gallon.

Mr. Hobbs: I understand what you are saying.

Mr. Pouliot: Everything is related. When you are chasing three meals a day you can well appreciate, Mr. Hobbs, that you do not have much time to think; you spend too much time securing the basic necessities of life. There is the condition of the airstrips, which are nonexistent in many cases. The timetable the minister has established for each community to come on stream and be the recipient of a much-needed airstrip is stretched out far too much. We feel there is no money. You mean well, but you must expedite the matter. Not enough money is available.

As mentioned yesterday in the House on some other matters, you are about three steps short of eternity. The future can last a long, long time. If patience is a virtue, those people are saints. Communication and transportation are problems that should be addressed. There is the matter of the road from Big Trout Lake to surrounding communities. We are talking about a reserve of 1,000 people. They are waiting but their patience is running out. This is not an ultimatum or a threat. They are simply asking to be given a chance to be like the others.

You know it is your mandate and your responsibility to anticipate and act on the needs, especially the needs of the less fortunate in our society. We realize the distances are enormous. We are also well aware that we are not talking about a great number of people, yet it means so much more to them than to anyone else by virtue of the fact that there is no alternative. If they do not have your support, they begin to agonize and to die a little. I re-emphasize that a lot has been done, but specific attention should be paid to the remote communities. They are asking only for a chance to have what we down south take for granted.

Mr. Chairman: We agreed last week that we would have the GO Transit people and the UTDC people here to answer any questions the committee might have in regard to those two items. We now have the people from GO Transit. Mr.

Parsons, next to Mr. Hobbs, is the chairman of the Toronto Area Transit Operating Authority, and Mr. Leach, next to him, is the managing director of TATO.

Mr. Sargent: What?

Mr. Chairman: The Toronto Area Transit Operating Authority, otherwise known as TATO.

Mr. Sargent: Ah so.

Mr. Chairman: Have you planned that anyone will comment on transit or will you just entertain questions?

Hon. Mr. Fulton: I asked Mr. Parsons whether he would like to make a few opening remarks.

Mr. Chairman: Knowing Mr. Parsons, he would.

Hon. Mr. Fulton: He was here at eight o'clock to make sure he did not miss it.

Mr. Parsons: Once again, we welcome the opportunity to come before the committee to talk about the work that GO Transit—if we may shorten it to that—has been doing over the past year and what our requirements are for the next year and to respond to any of your inquiries.

For those who do not know, the authority has been in business since June 28, 1974, when the act was first passed by the Legislature. It involves serving the regions of Hamilton, Halton, Peel, York, Durham and Metropolitan Toronto.

Mr. Sargent: Everything but Owen Sound.

Mr. Parsons: Relatively close to Owen Sound; it just gets to the north part of Brampton, Mr. Sargent.

Our ridership has grown tremendously since that time, as all of you know who observe the movement of our vehicles, be they trains or buses. The Legislature has been very supportive of the activities and objectives of GO Transit over the years. We have a number of milestones that have taken place and some that we are looking forward to in the upcoming years as a result of the support of GO Transit in the past few years.

For instance, this weekend, on October 27, 1986, which is the change of time and the change of timetables by the railways, we have one additional train commencing in Hamilton, which will serve Burlington and proceed on to Toronto. It is going to solve some of the concern about the lack of full service from Hamilton, which we are striving to attain, but is going to take some years yet.

Those of you who drive Highway 401 east of Toronto recognize that an awful lot of work has been going on in the Pickering area and eastward to Whitby. We are going to have the extension of GO train service from Pickering to Whitby by late 1988.

Oshawa, of course, has been asking for service for a number of years and there is some study still going on in that area to determine just how that might be provided. To the Milton area, up through west Toronto and Mississauga, we have two additional trains being planned for that route, to arrive by late 1988.

All of these are responding to demands for service that are really pent up for people who wish not to drive to the metropolitan centre, who wish to travel more cheaply than driving. Of course, all of you know the parking dilemma that people face when they get into downtown Toronto, just as you face it coming around these buildings.

We are very pleased to be here and to respond to any questions members of the committee might have.

Mr. Gregory: I am delighted to play a part in asking some questions. I appreciate the opportunity to be rather free-wheeling on it. The reason is that estimates are somewhat difficult in that, once you get past a vote, if a subject happens to be on it, then any member of caucus who wishes to come in and ask a question is sort of out of luck. Doing it the way we are doing it will enable many members of my caucus and of the New Democratic Party caucus to come in from time to time to discuss local concerns.

With that in mind, I appreciate the opportunity to ask questions of the Urban Transportation Development Corp. and also GO Transit at this time. I cannot be sure, though, that questions on these two subjects will not come up in future meetings, because I do not know what my caucus has in mind on questions others might have.

However, I would like to start off with some questions regarding UTDC.

Mr. Chairman: Just a moment, please, Mr. Gregory. There is nobody here yet from UTDC. Mr. Biddell will be here at 10:30. That is in half a minute. I wonder whether you could do GO Transit first. Would you mind?

Mr. Gregory: As always, Mr. Chairman, I will be co-operative. I had understood that UTDC was going to be here this morning.

Mr. Chairman: That is still right.

Mr. Gregory: I see. They will be here in one minute.

In his statement of October 31, 1985, the minister stated that full GO service—and Mr. Parsons has referred to this—to an interim terminal at Whitby should begin in 1988. Why then will commuter rail service into downtown Oshawa not be in place until two or three years after that?

10:30

Hon. Mr. Fulton: No time frame has been determined. I will let Mr. Parsons answer more fully, but there was a question of the routing, whether it would be Canadian National on the lakeshore or Canadian Pacific into downtown Oshawa. That has not been resolved. The environmental requirements have to be resolved. It is our intention to continue easterly with the GO service as we indicated at that time, and we have not varied from that intention. Perhaps Mr. Parsons might wish to comment.

Mr. Parsons: The minister gave a very good synopsis. If we are to go into downtown Oshawa with the CP line, the environmental concerns are going to be substantial and much work has to be done in preparation for that. The municipality has expressed its favoured arrival site for the trains.

Mr. Gregory: Things have not really changed from your response to a question from the member for Oshawa (Mr. Breaugh) of the New Democratic Party in 1985. We are no further along on those negotiations.

Hon. Mr. Fulton: Work is under way. I believe the railways are doing some of their studies. Certainly the GO Transit people are doing some of their preliminary work. We are expecting the federal legislation permitting extended use of the rail system for commuter lines to come into place.

I do not agree we are in the same place as in October 1985. We are moving ahead very rapidly. If you have been to the east end you will see a substantial amount of work. The track bed is now ready. I understand the tracks will be laid early in the spring. Is that correct?

Mr. Parsons: The contract has been let.

Hon. Mr. Fulton: The contract for the equipment has been let for the trains, the engines and so on. We are moving ahead very quickly.

Mr. Gregory: Also in October 1985—and I am over at the other end of town now—you indicated negotiations were under way with the General Motors diesel division in London, Ontario, for locomotives, and with RailTrans in Thunder Bay for bilevel coaches for GO Transit. Do you have any results of these negotiations at this point?

Hon. Mr. Fulton: I believe the order for 16 diesels has been placed with GM in London and I think the order for the 63 bilevels has been placed.

Mr. Gregory: Is that in Thunder Bay?

Hon. Mr. Fulton: The bilevels are from Thunder Bay and the diesels are from GM in London.

Mr. Gregory: One of the problems seems to be in determining the best route to satisfy environmental concerns in Oshawa. At that time, you said funds and construction will be scheduled once this has taken place. Has this occurred? Have there been any environmental hearings? Has anything happened on this at all?

Hon. Mr. Fulton: I do not know whether any formal hearings have been held. I will refer the question to Mr. Leach.

Mr. Leach: The work being undertaken consists of two studies by both railways, one by CN on the lakeshore route and the other by CP on the northern route. The problem is trying to determine whether there is capacity available on their lines. We have received the initial report from CN, which has indicated it would need a complete third track into Oshawa and the cost would be in the neighbourhood of \$100 million. CP is just completing its report, which will give us an indication of the cost for the northern route. Once those two reports are received, the Ministry of Transportation and Communications will use that material to tie into its studies and then proceed to the environmental assessment public hearings.

Mr. Hobbs: All these studies are necessary to fulfil the environmental hearing requirements. The documentation required by the process is being done. As soon as we get that finished, we will proceed to fulfil the environmental hearing requirements. What is being done is the documentation required by the process. As soon as we get that finished, we will be proceeding to submit that and then to determine whether a full hearing is required. As you are aware, that is the responsibility of the Minister of the Environment (Mr. Bradley).

Mr. Gregory: Is it normal to do all the work first and then have the hearings?

Hon. Mr. Fulton: Studies have to be done. The preliminary work has to be done.

Mr. Gregory: I recognize that. I am just asking. Usually, the hangup on projects of this type is the environmental hearings. Why would you do all the preparation, all the planning and all these things, and then hold an environmental

hearing which, nine times out of 10, vis-à-vis Highway 89, after all the work—

Hon. Mr. Fulton: We are not planning a GO train on Highway 89.

Mr. Gregory: I am not suggesting that; I am making a comparison of your method of doing things.

Hon. Mr. Fulton: It is a requirement of the Environmental Protection Act.

Mr. Gregory: Does the Environmental Protection Act prevent you from holding environmental hearings prior to all the planning being done?

Hon. Mr. Fulton: I think the fundamental question before you can proceed is whether there is or is not capacity on either or both lines. That question is being addressed.

Mr. Hobbs: Then it is a question of the environmental impacts of going on either route.

Mr. Gregory: Has CN-CP been asked to give assurances that train-track usage fees will not be increased unreasonably once usage has begun?

Hon. Mr. Fulton: There have been ongoing and continuing discussions with the railways for some time. I would ask one of the representatives of GO Transit to give you more details of some of the problems in dealing with the railways.

Mr. Leach: We have a 10-year contract with Canadian National to provide service at present. That contract expires in June 1987. We are negotiating a new 10-year contract with them. Negotiations have started. All the safeguards that we feel are necessary and that we do not believe are totally within the existing contract are on the table for discussion. It is our understanding that the federal government is also proceeding with legislation that would ensure that commuter rail service has priority over freight. We understand that will be introduced in the federal House some time this fall.

Mr. Gregory: Is a 10-year agreement normal?

Mr. Leach: Yes, it is.

Mr. Gregory: On a thing such as this, why would it be a 10-year agreement? A transportation plan goes beyond 10 years. Why would a longer term not be negotiated? Is it because of the rates and the possible change in rates in 10 years?

Mr. Leach: You can see the increase in service GO Transit has had in the past 10 years and the increase in the 10 years prior to that. From the railway's standpoint, it wants to ensure that if conditions or situations change, we have an opportunity to review the whole contract after 10 years. Much of the existing 10-year contract

will be included in the new one. As a matter of fact, we had a 30-year agreement with 10-year renewals. That is really what we are looking at.

Mr. Gregory: I see.

Mr. Hobbs: In addition, the current situation with respect to contracts is one in which there are simply negotiations that go on. With the federal legislation Mr. Leach talked about, there are going to be some ground rules set out in legislation which provide for a certain formula, a framework, and for some arbitration procedures which do not exist at present. When that legislation is passed, there will be a firmer set of rules under which these negotiations and relationships can take place. I think that will be beneficial to GO Transit, the arbitration in particular. Right now, because of the dispute, there is nowhere to go.

Mr. Gregory: I know it is unlikely to happen, but what would happen if CN-CP decided they were no longer going to lease the lines to you?

Mr. Parsons: That was a consideration in the days prior to 1977, when the last contract was entered into. Towards the end of the negotiating term, the government made the decision that we would enter into the agreement that CN and GO Transit had negotiated for the extra 10 years.

What if they changed their minds now? I guess a lot of people would have a lot to say about whether that is a good idea.

10:40

Mr. Gregory: I imagine so. It could happen.

Mr. Parsons: It is highly unlikely. In fact, we are considered a major customer for Canadian National and they treat us as a customer. Sometimes we are more captive than those who might have an option of using one or the other railway, because we do not have that option on the lakeshore route.

Mr. Gregory: Assuming a fairly high value to the lands, and generally railway lines are laid in the centre of town and are very valuable lands, is this a money-making thing for CN-CP?

Mr. Parsons: Yes. I think they would deem it a profit-making venture. The contract is structured so that they make a profit.

Mr. Gregory: As opposed to what they could make on market value on the lands if they no longer required them for their own use.

Mr. Parsons: Then the federal legislation comes into play as to whether they do not require them.

Mr. Gregory: We do not have any control over them, do we?

Mr. Parsons: There would have to be hearings if they decide to abandon any lines. I think it highly unlikely they would be successful on commuter lines.

Mr. Gregory: Considering some of the hearings we had for the railway lands where the domed stadium is going, you might get a few councillors in Toronto upset.

Mr. Parsons: We are in the fortunate position of using the same tracks they use for hauling automobiles out of Oakville and Oshawa. That is not likely to change in the foreseeable future, except that Alliston might take away some of that business with the new plant up there.

Mr. Gregory: I do not have anything more on GO Transit, Mr. Chairman, and I will gladly yield to anyone who has questions of this. I would like to get back in for the Urban Transportation Development Corp., though.

Mr. Sargent: For years, we in the outlying parts of Ontario have sat back and watched the development of this beautiful line you fellows have, this GO Transit system. I congratulate you. It is one of the best in the world. But who in hell is paying for it?

In the Bay Area Rapid Transit system in San Francisco, they have a big new GO-type system such as we have here, but they charged all that to the increased value of the land that was to benefit by that line. What has been going on here in Ontario? The small outlying places are paying for the subway down here that is not busy enough to get enough business so they close it down at 10 o'clock or midnight.

All our money is pouring in here to pay for this great line. I think a change of policy is necessary, if you are going to be fair about it. Or why do you not have Toronto be a province on its own, as it is bigger than most provinces in Canada with the population here, and give a fair deal to the outlying parts of Ontario?

I know I have harped on this, but 50 reeves and mayors in our area are going to converge on you some day—

Hon. Mr. Fulton: Sounds like a typical day.

Mr. Sargent: —and ask, “Why cut us off?” They are closing off the rail lines there. People cannot get to hospital. If they go, they have to go by bus. If they drive down, it takes them two and a half hours to get to Brampton and an hour to get from Brampton to Toronto because of the traffic. We are being cut off from medical services and things such as that. We in our area are the only people in Ontario not within 100 miles of a

four-lane highway, and we do have a great need for that.

However, let us go back to what I am talking about, the GO train. Why can you not find some way of handling the charges for the costs of these beautiful GO train systems, which create great land values for the people who abut that stuff? Do you follow me? We are paying for it up there, and that is not fair. In the United States, they relegate the cost to the areas that would benefit by it. I think this is a great disservice being done to a lot of people.

Mr. Pouliot: The minister's colleague is right.

Mr. Sargent: He is talking about what the hell is going on. He inherited this, and I do not say there is anything wrong with it. It is a hell of a good system, and we are proud of it.

Hon. Mr. Fulton: There is no question it is subsidized by the public at large.

Mr. Sargent: By the public at large up there.

Hon. Mr. Fulton: The public of Ontario at large. When the Bay Area Rapid Transit opened in San Francisco in the 1970s or whenever it was, it was so costly to the public purse in California that somebody guesstimated they could afford to provide everybody who was commuting into San Francisco with a Cadillac automobile. There was a tremendous public cost and there was no ridership on the system for a very long time.

Mr. Sargent: That is right.

Hon. Mr. Fulton: That has changed. Perhaps one of the GO Transit people might like to address the question of the subsidies related to GO Transit.

Mr. Parsons: Mr. Sargent is not correct in suggesting that the BART system was supported by taxes on adjacent lands. There was a proposal for a downtown system in Los Angeles that was going to be supported by an extra levy on adjacent lands. That did not come to pass.

Mr. Sargent: I did not make it up. That was a story in Fortune magazine. That is where I got it.

Mr. Parsons: Mr. Chairman, you will be interested in knowing that the direction GO Transit receives from government is that we must strive to attain a 65-35 ratio. We must generate 65 per cent of the cost of running our system from the fare box.

Mr. Sargent: How about the capital funding?

Mr. Parsons: That is operating cost. The capital funding is 100 per cent from the province.

Mr. Sargent: That is what I am talking about.

Mr. Parsons: Back in the 1960s, the rationale for the establishment of GO Transit, as I understand it—that is, what we have talked about since my time on the board in 1974—was that it prevented what is today the impossible expansion of highways such as the Queen Elizabeth Way, and Highway 401 to a degree, now that it is filling up. With respect to coming in from Brampton or Oakville, if the GO system were not there, how would people get to downtown Toronto? It is probably as a result of money spent on our system rather than money spent on building highways, which could not be built today anyway.

Mr. Sargent: This is not anybody's fault. It is just the policy we should look at with regard to fairness. If we are not going to be given any GO stuff to take off the load, then we are fed up with paying for subways in Toronto. That is what we are doing.

Mr. Hobbs: To be fair, in terms of all transit systems in Ontario, the capital side is covered by government or the taxpayer one way or another, whether it is the Toronto Transit Commission or Owen Sound transit or any of these.

Mr. Sargent: We do not have an Owen Sound transit.

Mr. Hobbs: You do not have any buses?

Hon. Mr. Fulton: Are the bus lines not still in operation?

Mr. Sargent: Some hacks have some lines down. It is a half-assed system; that is all I can say.

Hon. Mr. Fulton: It is probably subsidized by some level of government somewhere along the line.

Mr. Sargent: What do we tell those people? We have Canadian National and Canadian Pacific. They are going to close down the lines, so what are we going to do? I ask you further about the pending takeover of the CN package by a prominent Toronto family. What is that going to do to land values?

Hon. Mr. Fulton: I am not sure what the question is.

Mr. Sargent: The privatization of CN is going to happen. If you have not heard about that, you should know about it. Really, what they are buying is land values. It is not the money they make on their lines. It is a big concern of mine. Maybe the courts should watch that.

Mr. Parsons: The president of Canadian National resigned this week. You might have noticed that in his resignation statement, Dr.

LeClair said it would likely be impossible to privatize Canadian National because of its debt load.

Mr. Sargent: They have the land values to back it up. That is what they are buying, not debt loads. They are buying land values. They are buying what you have here. That is the concern.

At another time, perhaps you will look at four-lane highways close to our area.

Mr. G. I. Miller: I support some of the views of the member for Grey-Bruce (Mr. Sargent) that transportation plays an important role in the development of any place. The Toronto area is a good example. Mr. Parsons made the point that we have the people here and we have to provide transportation. However, if you get the transportation system in place, it attracts people. If we really want to see Ontario develop, we have to look beyond the borders of the Golden Horseshoe and improve the development of other parts of Ontario.

10:50

I would like to get into an example that has always amazed me. I never could understand why Hamilton has not had a connecting link with the GO train system on an hourly basis. It is one of the largest populated areas, and has been throughout the history of the province, yet we have only a horse-and-buggy hitchup with Hamilton. Is work going to be moving along more rapidly to provide a service between Toronto and Hamilton?

The other concern I have is that as we drive along Highway 401 east there seems to be a right of way there. It looks to be growing grass. The foundation is in place but nothing seems to be happening to it. That money must have been spent. Are we getting a return on it? There is some indication that you are going to Oshawa, which is excellent. What really bothers me is that I can see money sitting there and it is not being utilized.

Hon. Mr. Fulton: Are you referring to work done on Highway 401 eastbound?

Mr. G. I. Miller: Eastbound, as you drive along Highway 401, there is a right of way. I assume it is in place for the rapid transit or the GO system.

Hon. Mr. Fulton: Yes, but in addition to the track there are a number of structures that had to be modified or put in place out there. That work is ongoing on a daily basis. There was a major bridge at Harwood Avenue in Ajax opened last November. There have been other structures since then. The Liverpool Road structures are

just nearing completion, which is adjacent to the Pickering terminal. There are a number of pieces of work being done there. The bed is in place. I think we mentioned, perhaps before you got here, that the rail order has been placed or is about to be placed and the rails will be laid in the spring. All of the equipment is on order.

Mr. G. I. Miller: It is moving ahead. When was it started? I guess that is probably irrelevant now—you are not going to turn the clock back—but when was it started?

Mr. Parsons: Three years ago. The planning went on for many years, but three years ago the project was commenced. It has been going at a very good level of speed in spite of bad weather this year. When the rails are laid, you will see the evidence. I agree with you. Perhaps it looks as though nothing has been happening after the initial work, but once the ties and rails go down, the people are going to see very quickly this year that it is coming to completion.

Mr. G. I. Miller: You made some comment about the Hamilton connection. Has it been improved somewhat?

Mr. Parsons: As we mentioned, the Hamilton connection is the subject of a study at the moment to determine once again the costs of either Canadian National or Canadian Pacific into downtown Hamilton. I think it should be recognized that we provide excellent service via bus to Hamilton. We have express buses from Hamilton to downtown Toronto. This is very popular. It is hourly express service through the day and it is almost on demand at the rush hour.

Hon. Mr. Fulton: It is 100 buses a day, is it not?

Mr. Parsons: Yes. It is a very popular service.

Mr. G. I. Miller: Thank you, Mr. Chairman. Those are the two issues that concern me on the overall planning of our system.

We have only five hours left to debate the Ministry of Transportation and Communications. The other thing is the development of the north shore of Lake Erie. We have a huge investment again by the province with the Lake Erie Stelco steelworks, which is operating well, and Ontario Hydro and Texaco. They have invested in all areas with plenty of room to grow and to utilize for the people of Ontario rather than pushing them in the Toronto-Hamilton or the Golden Horseshoe area. If you have shortages on good transportation, as you see the location of the new plants that have come in, they are all located along the expressways or are close to those

highways. In long-term planning, we have to provide those areas that can provide service to our people with good transportation. I hope that is a priority within the ministry.

Hon. Mr. Fulton: It very much is, Mr. Miller. Our most recent major highway announcement, in fact, is from the section through Welland-Thorold and Port Colborne that we announced not too long ago. That is not only to attract new industry in that case, but also to retain industry. Port Colborne is one of the few towns or cities in Ontario that has had a substantial decrease in population, about 18 per cent, over the last few years because of some loss of industry. The people in that area have collectively put together an economic strategy. We have worked very closely with them and made that announcement to benefit existing industry, jobs and the needs of that area.

We have also been extremely supportive of the development of Mount Hope airport in Hamilton for both commuter and charter business wherever possible. We have worked closely with the federal government and the Hamilton-Wentworth regional government, as well as with the Hamilton council, to see where we can intervene to assist in the promotion and development of that very major asset at Mount Hope.

We recognize that Ontario does not stop at Steeles Avenue by any stretch of the imagination. I think our efforts across the province are a matter of record and would support the fact that we recognize there is a far greater chunk of the province out there than here in Metropolitan Toronto.

Mr. G. I. Miller: I would like to make one final comment. Fort Erie and Niagara Falls—particularly Fort Erie—are main connecting links between New York state and Ontario. At one point, the traffic would take Highway 3 to Detroit, Windsor and the north shore of Lake Erie. Since the Queen Elizabeth Way has been put in, everybody has gravitated to the Burlington Skyway and around that hub. If you really want to help Port Colborne, I think the route along the north shore of Lake Erie from Fort Erie to St. Thomas, which can easily be hooked on to Highway 401 at that point, would be a great asset to developing the north shore and alleviating much of the traffic that now has to funnel through the Burlington Skyway.

In my short 30 years, that bridge had to be rebuilt because of that attraction. That money might better have been spent to develop another route that would have serviced another area and developed Ontario. Again, we cannot back up

and it is going to be a good improvement. It is nice to see that beach strip in the Hamilton area being cleaned up and developed. I think again that should be a priority to hook Fort Erie with St. Thomas so that we have a connecting link along the north shore of Lake Erie.

Mr. Guindon: What is the ridership of GO Transit per year?

Hon. Mr. Fulton: It is about 100,000 passengers a day. It is one of the few major transit systems that is showing a growth annually in ridership. I think last year it was about 1.5 per cent.

Mr. Parsons: It was just over 25 million passengers.

Mr. Leach: It is up 3.6 per cent this year to date over last year.

Mr. Guindon: What is the revenue of your transit system?

Mr. Leach: About \$54 million a year.

Mr. Guindon: What are your expenses?

Mr. Parsons: One hundred and seven million dollars is the gross cost, with \$54 million from the fare box, leaving \$46 million.

Mr. Hobbs: The revenues cover approximately 65 per cent of costs, which is comparable. The Toronto Transit Commission is around 68 per cent.

Mr. Guindon: Sixty-five per cent of the costs are covered by the revenues?

Hon. Mr. Fulton: The fare box.

Mr. Guindon: For each passenger who takes the transit system, to what amount are you subsidizing it? Did you break it down in that fashion?

Mr. Leach: It is about 35 per cent.

Mr. Parsons: It depends. The fares vary because it is fare-by-distance. Compared to Via Rail, if you take Via's subsidy and the number of passengers carried, the subsidy is \$70 per passenger the last time we looked.

Mr. Sargent: That is not realistic. That is not a fair equation at all.

11:00

Mr. Parsons: As compared to our 25 million passengers, divided into the \$46 million of contributions.

Hon. Mr. Fulton: The 65 per cent is not only a fairly high ratio figure, it is also fairly consistent with other major operating authorities around the world. It is not out of line at all.

Mr. Hobbs: Hamburg, for example, has a very sophisticated commuter system and it has

around 63 per cent coverage of operating costs out of the fare box.

Mr. Guindon: Could I get it in dollar figures? You said 65 and 35 and 45. What is your bottom line, your net loss per year?

Mr. Leach: That is \$46 million.

Mr. Guindon: I am sorry, you did say that. Do you ever expect to break even or do you always feel you are going to be subsidizing passengers?

Mr. Parsons: Any transit system in the world, as the deputy has pointed out, has to subsidize its passengers to provide the service. If we were to attempt to break even, it would mean the fares would have to increase by that \$46 million, divided over the 25 million passengers.

Mr. Sargent: Why not do that?

Mr. Parsons: You would probably drive people back on to the highways.

Mr. Sargent: We should keep on paying for our share of that?

Mr. Parsons: That is an opinion I do not think I am prepared to—

Mr. Sargent: You said the user pays. Can I interject something?

Mr. Guindon: Sure, go ahead—if the chairman wants.

Mr. Chairman: Is it on this subject?

Mr. Sargent: You're damned right it is.

Mr. Chairman: I have other speakers; that is the problem.

Mr. Sargent: I want to ask something relevant to what he is saying. If we are losing \$46 million a year on this, in the last 15 or 20 years it has been \$1 billion and there should be some determination. Are you going to continue this unfair policy? Are you going to give us a rebate of what we paid into this so far, or are you going to keep on bleeding us of our share of \$46 million per year and backing up what he is saying?

Mr. Chairman: Minister?

Hon. Mr. Fulton: I will try. There are certain public costs that we, in our society, learn to accept. One is education, whether or not an individual has children in the system; one is hospitals, whether or not an individual ever has personal need for them, whether it is the Hospital for Sick Children or Princess Margaret Hospital.

Mr. Sargent: Paid for by levy.

Hon. Mr. Fulton: Sure it is paid for, but the other half of it is paid for out of the general revenue from the public. There are many inherent costs. There are lots of people who have

paid for Highway 10 who do not know where it is, let alone use it. Yet there are some parties who want us to make Highway 10 four lanes. We have all, collectively, through various sources the government has devised over the years, helped to pay for that highway and for Highway 21 and Highway 6.

Mr. Sargent: It has been there for 100 years. It is the same thing.

Hon. Mr. Fulton: It is part of the way we finance our society. If we do not subsidize mass transit, then we have to purchase and develop bigger roads, which are totally costed to the public.

Mr. Chairman: Very heavy expenditure.

Mr. Guindon: I do not quite agree with the minister's explanation because the gasoline taxpayers are not getting the same treatment, if the minister is going to compare apples and apples. That is only a comment.

What is your projected extra deficit for the line extension to Hamilton and to Oshawa?

Mr. Parsons: The Hamilton line has not yet been costed because, as we said, there are studies going on at the moment. The Oshawa extension going on out to Whitby was approved by the government three years ago at \$284 million.

Mr. Guindon: That is a capital project.

Mr. Parsons: That is right. It was including equipment.

Mr. Guindon: How many riders will there be? Is there going to be an increase in the deficit?

Mr. Parsons: It could be said that the more people we carry the more money it costs.

Mr. Guindon: You should have an idea. You should know, if you made your survey, as we all have to do, what your projected deficit is for the extension of the Oshawa line.

Mr. Parsons: It will not change the 65 per cent ratio that we deal with in our projections.

Mr. Guindon: How do you put 65 per cent and 35 per cent in dollar figures? Do you already have the trains and the engineers?

Mr. Parsons: No, we do not.

Mr. Guindon: Is it going to take more engineers?

Mr. Parsons: Yes, and more trains.

Mr. Guindon: What is the travelling projection?

Mr. Parsons: The trains that we have now are full. There is no extra capacity left on those eastern trains. What we are really doing is

supplementing the existing train services in order to carry passengers that we cannot carry today.

Mr. Guindon: How many extra passengers do you expect to service daily on the Oshawa line?

Mr. Parsons: Our projection at the moment is 3,500 people out of Whitby on the extension.

Mr. Guindon: But you do not have one for Oshawa?

Mr. Parsons: We do not have our Oshawa studies completed so we do not have that estimate.

Mr. Guindon: But you have your capital project settled.

Mr. Parsons: Not to Oshawa we do not, sir.

Mr. Guindon: It is \$236 million to Whitby?

Mr. Parsons: It is \$284 million, and to Burlington.

Mrs. Marland: I am sorry I had to exit. I did not hear the final answer to Mr. Sargent's question about the user-pay. However, I will look forward to reading further questions and the answers.

I would like to say at the outset, as an Ontario taxpayer representing other Ontario taxpayers who happen to live in an area that benefits from GO Transit, I would feel the same way if I were in an area that was not serviced by GO Transit, because I can see the obvious alternative, as was mentioned a few minutes ago.

If we did not have GO Transit, with the kind of growth in that corridor, we would be spending horrendous numbers of millions of dollars to get those people back and forth within that area. I have never seen estimated figures for the cost of a highway or elevated highway in the improvements that would be needed as an alternative to the transit system. One way or other, where you have a density of population and people to be transported, the public has to pay for the transportation of those people, other than providing the private vehicles.

I have lived in Lorne Park for 30 years, going back to when there was a passenger rail service on a commuter basis. In the past almost 20 years, since we have had GO Transit, the question has always been asked—and now that I am a member of the provincial parliament it is not less frequently asked than when I was a city councillor: When does Lorne Park get its station back? The realistic suggestion in the past 10 or 12 years has been that the station not be a station with parking but rather the new-style facility, which GO seems to operate very successfully, a Kiss 'n' Ride facility.

In the past, we have had the answer that GO would not consider additional stations until there was electrification of the rail because of the amount of time it takes to generate the speed for short distances between stops. Now that we seem to be getting into the format of express trains, I am wondering what the current answer is to the question. It is quite relevant because, as the chairman of TATO is aware, there is still land available for purchase right in the precise area it would be needed in Lorne Park for a Kiss 'n' Ride facility. Obviously, that land will not always be there. I wonder what discussion there has been over the past period of time.

11:10

Hon. Mr. Fulton: I am not familiar with the background of Lorne Park. I will ask Mr. Parsons to address your question, Mrs. Marland.

Mr. Parsons: The Lorne Park station goes back to just after the turn of the century. As a high school student, I used to ride the train Mrs. Marland talks about.

Hon. Mr. Fulton: Much before she did.

Mr. Parsons: Yes, much before she did.

Mr. Sargent: That was not very nice, was it?

Mr. Parsons: It stopped at a level crossing at Lorne Park Road. As I recall, it was a six-car train in the old style; it was a steam engine for a long time. When GO Transit came into being in 1967, within a couple of years the Lorne Park stop—it was not a station; it was simply a stop across the level crossing—became something of a safety hazard initially. The platforms there were not long enough for people to board the train.

It became obvious from the railway's planning, with computer analysis, that the intermediate stop between Clarkson on the west and Port Credit on the east was causing problems in moving the vast numbers of people from those other two stations. It is no less a problem today with our increased density of travellers. For instance, in the days gone by, Clarkson was not a large generator of traffic, whereas today it is one of the busiest stations on the line, as Mrs. Marland knows.

If you stand at the Lorne Park level crossing any given morning and see trains whizzing by each way, the volume gives you a fair indication, as a layperson without the advantage of computer analysis, of the difficulty of inserting a mid-point stop between those two very busy places.

As far as land use is concerned, it is my understanding that Mississauga did not provide for any transportation facility around Lorne Park

Road in its most recent official plan. That was probably in response to the fact that GO Transit had withdrawn it as a stop. It would be very difficult to introduce at this point any kind of Kiss 'n' Ride facility where people would have to arrive at the location through internal roads. You would have great difficulty with people now living in those homes having traffic coming to GO stations off residential streets. We have been precluded, if in fact it was technically possible, from introducing that stop, and I do not think it is technically possible.

Hon. Mr. Fulton: Is this something Mississauga council would have to petition or send a resolution to—

Mr. Parsons: Over the years, the council considered the transportation requirements of the municipality and inquired of us what our plans were for Lorne Park. We responded, as Mrs. Marland has stated, that it was not possible for us to have that mid-point stop between Port Credit and Clarkson.

Therefore, they went ahead and did their official plan and finalized it without accommodating us. That is not their fault. It is the way we responded to their question. The circumstances have not changed since that decision was made.

Mrs. Marland: But the circumstances and the answer have always been the same, in fairness to the answer we have just had. There was also the accompaniment that if the rail became electrified, an additional stop could be accommodated without impeding the time factor in the service. The question is whether you ever see in the future having the money for electrification and whether there is an aspect of financial balance between the cost of electrification and the increase in the volume of service it would provide.

I recognize that electrification would have to be totally funded by GO Transit because of the lease arrangement with CN for the use of its existing track. From a technical standpoint, is it possible to electrify the CN track you now lease, or would you have to build a completely new track?

Mr. Parsons: As you are aware, we use CN's facilities there and it would have to approve electrification. It would also involve lifting some bridges because the clearance required for electrical wires is not there now. It would also require a totally secure rail line. Those of you who have visited Europe know that where there is electrification you cannot have entrance points other than controlled entrance points. It would mean that every level crossing in Mississauga, for instance, would have to be grade-separated.

That is a whole other kettle of fish that Mrs. Marland would not want to support.

Mr. Hobbs: I might add that, as you are aware, electrification was tentatively considered some years back but that was at a time when we were facing high oil prices. The prospects, based on what people were predicting at that time, were of even higher oil prices. At that point, there were all these other problems and the costs were exceptionally high. With the low oil prices today, plus all these other problems in terms of it being a cost-effective solution overall, there are operational problems as well when you electrify the lakeshore line and have lines that go to Georgetown which would not be electrified and which feed into the normal system. It is a complex undertaking.

Mrs. Marland: It would be fair to say at this time there is no consideration being given to the electrification because of the answers you have just given. That is a question that I am asked.

The next question I have is the ongoing question about parking. I know the answers that have been given in the past, particularly in terms of Clarkson station. In fact, I have a letter from Mr. Henry responding recently to a further question. Recognizing that the Clarkson parking facility not only services the southwest quadrant of the city, not as much Erin Mills any more since we have the new service there, but outside of the hours of the trains to Erin Mills, there are Erin Mills residents who still need to come down to Clarkson for the convenience of the times of those rail services on GO.

We also have a tremendous number of passengers coming from the east side of Oakville to Clarkson because, logically, it is a better facility for them to come to. In fact, it is a larger parking lot than Oakville has. We currently have a large new residential development that is being built on the west side of Winston Churchill Boulevard, south of the Queen Elizabeth Way. This development is totally within the Oakville town boundary. We can see that residential development impacting on our parking facility in Clarkson.

In response to having raised that concern, Mr. Henry is saying that on their recent analysis, on the worst day last February, there were spaces available in the Clarkson lots. He says in June more than 200 spaces were empty on an average weekday. I do not know what time those reports were done, but that certainly would not be the experience I hear from the passengers or that I have experienced the few times I have decided to use the GO train myself. On a weekday it is

difficult to find a space after 7:30 a.m. or 7:45 a.m. Even if one could manage to live with it now, the impact from the new development on the west side of Winston Churchill is imminent and is going to be very real.

Apparently, TATOA does own more land in the Clarkson area, so the problem is not grave. It owns land yet to be developed for parking at Clarkson. What plans does TATOA have for development of additional parking at Clarkson?

Hon. Mr. Fulton: I will ask Mr. Parsons to respond, but I share your concern. The problem with parking is one of the success of the GO Transit system. Because of the success, the demands on adjacent parking are phenomenal. I have the same situation where I live, where parking lots have been extended, I am not sure how many times but several and even recently.

Mrs. Marland: I should recognize in fairness to TATOA that it did expand the parking lot. It was an expansion of something like 600 spaces two or three years ago. It has tried to address the need. I am the first to recognize that TATOA is spending my money every time it meets these demands. I realize it is a difficult financial balance for TATOA. I also recognize that in some areas the alternative is everybody using local transit to the station rather than coming in cars. There may be locations where it works very well, but unfortunately at the moment it is not a viable alternative in that part of Mississauga. Our transit system is not supportive enough to make it very viable.

11:20

Hon. Mr. Fulton: When the line was laid out and stations were selected with adjacent vacant land that could be used, no one anticipated the ridership and the success. The first year's ridership was anticipated to be 15,000 and it hit that in the first three months. Growth has been phenomenal. I understand the problem, but I am not sure exactly how it is going to be addressed at each location. Each station is unique. Some are well served by public transit, as in the case of the Eglinton station, while others are not. You can address the specific problem you have raised.

Mrs. Marland: Also, would you mind addressing the question of where the discussion lies at the moment about charging for parking?

Mr. Parsons: When we have large parking lots such as Clarkson and the expansion of the lot involves putting new spaces ever farther away from the station, we have people arriving and almost abandoning their cars wherever they can find a hole, often illegally, and running to catch

the train they see coming down the track on a dark morning. This is what causes problems. The vacant spaces we have advised Mrs. Marland are available in Clarkson are the ones farthest away. People do not plan their time well enough to park their cars at the outer limits of that parking lot and get to the station. That is the difficulty.

Mrs. Marland raises the issue of parking fees. That would reduce the demand for parking. When we expanded the Clarkson lot that Mrs. Marland referred to by some 500 or 600 cars, the lot proceeded to fill up very quickly without an identifiable increase in ridership. What does that tell us? It tells us that because there are parking spaces available, people are driving their own cars to the train instead of having their spouse drive them to the train in the Kiss 'N Ride situation that is so popular. If there is a space available, they will readily use it. If the space is not there, they find other ways to get to the station.

In response to your question about fees for parking, it would have to be a government decision as to whether fees would be charged. Most other transit systems charge. The Toronto Transit Commission constantly reminds us that it charges and we do not.

Mrs. Marland: If you start to charge for parking, do you anticipate any decline in your ridership? Has there been a study on that?

Mr. Parsons: There has not been such a study done to my knowledge, but my instinct would be that momma must drive poppa to the station instead of paying however much a day.

Mrs. Marland: I read with interest in the local newspaper last night that we are having an increase in trains on the line servicing that particular area. Is it the normal routine that TATO will circulate that information to the members? How are those new announcements going to be made public?

Mr. Parsons: A copy of the press release is on the way to Mrs. Marland. It did make it to the Mississauga News this week. Some of the existing trains have been rescheduled so that there is a fresh train at Port Credit that did not exist previously. It is the second fresh train that goes out there, one at 7:43 a.m. and the other at 8:08 a.m. Having served another part of the system, it is then deployed to Port Credit where the people walk into the station and on to a fresh train. It is a very popular move. It has also been circulated through our rider bulletin to all our many thousands of riders who use the system. They will be taking advantage of the new facilities.

Mrs. Marland: In closing, other than the problems of the parking shortage from time to time, I find the rest of the service is very positively regarded by the users.

Another interesting aspect is when one has visitors from out of town who come from other countries. I think particularly of an example I had this summer with families from Switzerland. There they have a phenomenal train service, all of which is electrified. It goes all over the mountains and the valleys and has a tremendous accuracy and comfort. These people were very impressed with our operation of GO Transit in our province.

Personally, I believe it is a transit system of which we should be very proud. We should be very grateful that facility is available. With regard to a 65 per cent operational cost, it was mentioned earlier that there is not a transit authority in the world that operates at a break-even cost. They are always subsidized. With my limited experience, I recognize that is a fairly healthy margin.

Mr. Pouliot: I cannot help but to say this is foreign. I am an alien here. I will not take too much of your time because it is a very parochial, yet important, issue. I come from the north, the other Ontario. I am surprised, but happily so. You have a duty to subsidize a transportation system that is somewhat adequate. Viewed from the eyes of a northerner, it is indeed a discovery this morning to note, perhaps with a passion and a vengeance, with not a hint of jealousy but a great deal of envy, that the system to service the Golden Horseshoe is indeed alive and well.

If my memory serves me correctly—and maybe the minister or someone from the former administration can refresh it—every time we have asked for subsidies for municipal transportation we have failed. I will talk for one second about a place such as Manitouwadge, the place I come from. We have had no public transportation system whatsoever for a number of years. There is no bus service, no train service for passengers, no airport and no air carrier service. Every time we went to municipal groups, whether it was the Northwestern Ontario Municipal Association or the Thunder Bay municipal league, to voice what we thought were legitimate grievances, inevitably we were told that it was not within the philosophy or the concept of the government in place to provide a subsidy to give us a chance to commute.

We have been sort of bypassed and, to a large extent, forgotten; but what is most disappointing is we were sold a bill of goods. People just let it

lie there and had a tendency to shy away from the truth.

I wish you well in your endeavour. I too am sceptical of the 65 per cent, which becomes very readily flexible and is therefore hypothetical—65 per cent of revenue and an overall 35 per cent deficit. That point is not well taken. There is a need to enlarge the system. Somebody made mention of Steeles Avenue and said that with tongue in cheek.

Up north we had the chance over the years to relate with Argo fans and with Maple Leaf fans, in the promise of trades to come; that some money would be transported where it was most needed, up north; and that things would get better. We should have known better. We were very candid and naïve, very pure perhaps. The years rolled by and nothing changed. The more it changed, the more it remained the same. It was a paper change.

In terms of the GO Transit system, I want to emphasize that it is viewed by the people of the north as a necessary commodity, because there are people involved. People mean votes and also need essential services. I want you to enlarge—I have not heard a word about it this morning—the terms of reference, the mandate. It seems to me you are so busy surviving that you do not have a chance to plan. There is a second Ontario that demands your expertise and which is looking forward to the day when it will be the recipient in the same percentage, though not the same amount of money and not the same bottom line, as it does not have the need or the population.

When we talk about subsidies for transportation for the people of the north and when we are told in the same breath that it is not a philosophy and it is not a policy to which you adhere, someone is not telling the truth. If you subsidize in southern Ontario—and you do; there is overwhelming evidence to this effect—you also have a responsibility to bring the same policies up north.

11:30

This is where the government has failed—and I know you do not have to carry the guilt because you have been victimized and burdened for 42 years; it has to be said. A friend of mine, who at times is vulgar and obscene but yet very colourful, tells me, “A curse on both your houses.” I am not the one saying this. I say this as an invitation to do better for the people of the north and the people of southern, southeastern and southwestern Ontario. That is all I have to say. It is a subject matter I know a little about and the next time I am here I will take all the time this

subject matter deserves to draw another analogy so that we can get justice for all Ontarians.

Hon. Mr. Fulton: I am not quite sure how I can respond to that with respect to duplicating the level of services.

Mr. Pouliot: Take it under consideration. You do that very well.

Hon. Mr. Fulton: It is a very interesting viewpoint you put forward so eloquently. We will take your comments under consideration and see what this new government might be able to do to address the issues you raise.

Mr. Pouliot: Trust me.

Hon. Mr. Fulton: I do.

Mr. Sargent: Regarding Mr. Parsons's department, what we are saying is not against the job you do. He is talking about a principle here. You mentioned 100,000 people a day; is that one way or two ways?

Mr. Parsons: Two ways; 50,000 each way.

Mr. Sargent: Fifty thousand people are using this system.

Mr. Parsons: Twice a day.

Mr. Sargent: We have 7.5 million people in Ontario paying for the transportation of 50,000 people.

Mr. Jackson: Remember, you are the government.

Mr. Sargent: We are concerned about the inequity up north.

Mr. Pouliot: Mr. Sargent is doing a great job.

Mr. Sargent: These guys are good guys, but their skates are kind of dull, that is all.

What is the capital cost of your plan to date?

Mr. Parsons: About \$1.5 billion.

Mr. Sargent: On top of that, we have to pay the carrying cost of \$1.5 billion over the years for about 20 years and we are losing \$46 million a year. It is totally unconscionable that at some point we cannot have the minister or the government think of some way of not only stopping this inequity, but also in principle, if you are doing the right thing, providing a cash rebate toward the money we have put in over the years on a basis which is fair.

For servicing 50,000 people, at what point do we have a payback for the money involved here? I do not know how to say this. It would be a good point if this committee could come up with a recommendation. First, who owns the line? Canadian National owns the rail lines. You do not yet know your position with regard to privatization. Supposing the privatization goes

through—which I feel it will—what is your position going to be? You are going to be over a barrel paying a company. How long does that contract last on the line?

Mr. Parsons: The current contract is for another 10 years, which will be from year 21 to year 30 of our operation of GO Transit on those rail lines. We also operate on Canadian Pacific's lines, which are privately owned; we operate on the same basis, a negotiated contract, from Toronto to Milton.

Mr. Sargent: The motivation for this whole thing is the hellish mess of the traffic in Toronto. Now you are putting the domed stadium down there. What the hell that is going to do to you people on your line I do not know, but you are going to be feeling it.

Two weeks ago, before the season was over, there was a ball game on, a show at Roy Thomson Hall and a trade show at the Metro Toronto Convention Centre. Downtown Toronto traffic was tied up for an hour and a half.

I travel Highway 401 and you sit sometimes for half an hour. Why in the hell can we not build some doubledeckers out there? People would not mind paying a toll fee for doubledeckers. You can build it for about \$1 million a mile. Even if it is \$10 million a mile. You could charge toll fees. People would be happy as hell to pay to get out of the mess. We have to do something. We have wasted \$1 billion of our money down the drain before the current costs.

Hon. Mr. Fulton: My guess is that the consulting fees alone would be \$1 million a mile to attempt to doubledeck a 12-lane freeway.

Mr. Sargent: Are you going to sit in that traffic all the time then? You have to do something. I do not think I made my point. There should be some reparation paid to the people in outlying parts of Ontario; either that or give them something in lieu of.

Mr. Henderson: I have a couple of personal notes which get around to the question of GO Transit. When I came back to Toronto four years ago and was deciding where to locate the family, I did it with a map and the reputation of the major arteries, Highway 401, the Don Valley Parkway and the Gardiner Expressway. The Gardiner seemed to have the reputation of being the one that was most expeditious in terms of getting in in the morning and getting back at night. I put that down in some way to the good state of GO Transit running along the lakeshore area that at least took off enough of the vehicle traffic to

make the Queen Elizabeth/Gardiner combination reasonably passable.

Since I live halfway between the Gardiner/Queen Elizabeth and Highway 401, occasionally I experiment with coming along Highway 401. It is always much worse. What I conclude from this is that GO Transit is doing its job well along the lakeshore, but the GO Transit runs that come from the northwest and down from the northeast are less effectively making inroads on vehicular transportation. I raise this as a general question. Is that a fair conclusion to draw from those observations? If so, can something be done to make the northwest and northeast GO routes as effective as the lakeshore ones? Are we getting around to the question of the Eglinton rapid transit line as something in addition to the northeast and northwest GO lines in order to solve those vehicle problems?

Hon. Mr. Fulton: The ridership on the Milton line is increasing. I will give you the exact figures. This is the reason we are adding, within the context of the expansion that is under way east and west, the two trains to Milton in 1988. In terms of actual numbers, I will let staff address that.

Mr. Parsons: The Milton line was opened about four years ago with a startup ridership of about 3,000 people a day. It has doubled in the short time it has been in service. Both the Brampton and the Milton lines have only morning service in and night service out. That is different from the lakeshore. Part of the reason for that, in the Brampton situation, is the lack of tracks available because it is single-tracked through the city, the downtown part of Brampton. In fact, if you take a look at population density on the lakeshore line versus the Brampton line, it is much different. You run up through more of an industrial area through the northwest and when you get to Brampton you get into a heavy concentration of population.

That city has grown fantastically. Beyond that there is not much, until you get out to Georgetown. So there really is not the same amount of traffic out there for us to generate for GO trains. Highway 401 is plugged, I think, more with people who come from beyond the environs that we are mandated to serve, beyond the Halton region of southwestern Ontario. The traffic that rolls into the Halton region from the farther areas certainly contributes to plugging up the highway when you get around north Toronto. There is no doubt about that.

To answer your question in a brief fashion, we have a greater catchment area of people along the

lakeshore line where you see more frequent trains than we do on the other two lines that serve the northwest.

11:40

Mr. Henderson: Would not that Halton traffic be equally expected to plug the Queen Elizabeth Way/Gardiner as to plug Highway 401? Is it wrong to imagine that whether it is GO or the Eglinton subway, or what have you, that better transit in the north part of Metro would help?

Mr. Parsons: There is no doubt about it. Mississauga is saying that too. Mississauga is appealing for a busway to get from Mississauga to the Bloor subway. That would help because people will take public transit if it is convenient. They will not take it if it is an extra 45 minutes each way in travel time.

Hon. Mr. Fulton: We also announced about a month or six weeks ago a rather large study involving all of the commutershed regions within Metro and the outside regions on an origin-destination study. It is rather a massive undertaking; to be available, I think, in the spring. Among other things, it will address the question you raised: do Halton people come in 401 or do they come in along the lakeshore, the Queen Elizabeth Way or whatever? It is partially done. We will be happy to share that information with you and see how we can address the concerns raised.

Mr. Gregory: May I have a supplementary on that?

Mr. Chairman: Quickly; I have two people waiting.

Mr. Gregory: This is directly on Mr. Henderson's question, and that is to do with the study we talked about last week and what Mr. Henderson has raised today and what Mr. Parsons mentioned about the busway. That system, be it the Sheppard line, be it the Eglinton line, the busway in Mississauga, will that come under the jurisdiction of TATO?

Hon. Mr. Fulton: No. The subway and those components within Metro are within the confines of the Toronto Transit Commission.

Mr. Gregory: TATO is also within the area of Metro Toronto. We are not talking about additional subway, are we? We are talking about a rapid transit vehicle of some sort, above ground or whatever.

Hon. Mr. Fulton: Sheppard is a subway.

Mr. Gregory: So your answer is it will not come under the jurisdiction of TATO.

Hon. Mr. Fulton: The subway would remain under the jurisdiction of the TTC.

Mr. Gregory: The Eglinton line is, I believe, part subway and part not subway, and the busway in Mississauga would not come under that jurisdiction.

Mr. Parsons: The ministry is being petitioned to make an accommodation for a busway, which, I suppose, would be part of the highway system.

Mr. Dean: I just want to get some information, if I can, about what GO Transit is doing concerning additional service to Hamilton. What is the status there? I am speaking about full service. I know something has been indicated to be happening imminently about some small increase, but what is the status of the full service that is so badly needed there?

Mr. Parsons: As we mentioned before Mr. Dean was in the room, we are adding one train starting Sunday, an extra train from Hamilton. That commences this week. The solution to full service to the Hamilton area is still under study and we are awaiting a report from Canadian Pacific regarding the implications of arriving at the Toronto Hamilton and Buffalo Railway Co. terminal, which seems to be the preferred terminal in a lot of people's minds for full GO service to Hamilton.

As you know, where we arrive now at the Canadian National station has not been a favourite departure point for that many people. It seems that a lot of people believe the TH and B station would be a more popular spot, but until CP gives us the cost implications of going into the TH and B station, we are not in a position to confirm any date to you.

Mr. Dean: How long has that study been going on and when can we expect it to be completed?

Mr. Parsons: Nine months. We expect it to be delivered within the next few weeks.

Mr. Dean: Is that strictly the responsibility of CP?

Mr. Parsons: It is their line.

Mr. Dean: Are there any other impediments besides GO Transit's own financial problems once you get that?

Mr. Parsons: I do not think so. There are environmental concerns, of course.

Hon. Mr. Fulton: Yes. We met with the representatives of the city of Hamilton and the Hamilton-Wentworth region, because there was some confusion about which route they preferred. It seemed to depend on which vote was

taken when, but it went back and forth. We have now had that rectified and a very clear statement from the region on the proposed track.

Mr. Dean: And the suitability of the downtown terminals. Are you chairman of GO Transit or chairman of the Toronto Area Transit Operating Authority?

Hon. Mr. Fulton: He is chairman of TATO.

Mr. Parsons: It is the same thing.

Mr. Dean: GO-TATO.

Mr. Dean: Will there be immediate resumption of full-scale planning for the increase as soon as the CP study comes in?

Mr. Parsons: Providing the CP study is affordable. You might say that is always a basic consideration.

Mr. Dean: The main thing I want to make sure of concerns the mention of the area GO serves. Everybody should remember that Hamilton-Wentworth still has a vital interest in this. Sometimes I feel we are like the last racehorse in that takeoff that Spike Jones used to have where all the horses came in, "And Siedelbaum." At the end of every statement, it says, "and Hamilton-Wentworth" as though that is a sort of "Oh, we almost forgot."

Hon. Mr. Fulton: We figure it is so important, Mr. Dean, we like to set it out on its own to highlight it.

Mr. Dean: That is what has happened. It has been set out on its own and not treated like the rest.

Hon. Mr. Fulton: We will put it out on a pedestal in future.

Mr. Dean: As long as it is an approachable one, we will be glad. Is it possible to have a copy of that study when it is available or is that a secret document?

Mr. Parsons: It will be tabled.

Mr. Parsons: It has to be part of the environmental assessment analysis that would go on.

Mr. Dean: Can I put my name down as one who would like to have a copy of it?

Mr. Parsons: Sure. The chairman of the regional municipality of Hamilton-Wentworth, Mr. Sears, is a member of our board.

Mr. Dean: Yes, I am aware of that.

Mr. Parsons: He does not let a day go by that he does not remind us of the importance of Burlington and Hamilton.

Mr. Dean: Let us say Hamilton and Burlington. Have a new "Siedelbaum" here.

Mr. Chairman: What about Hamilton-Wentworth and Hamilton and Burlington?

Mr. Dean: That is better yet.

Mr. Jackson: I have three points I will try to cover quickly in the hope of getting a response. Monday marks the day on which the new train service commences in Burlington. If for no other reason, it is an opportunity when the minister does not have to tolerate my nine angry letters and the five occasions I rose in the Legislature on that point. It is an end to that basic response. Although it was an incomplete response on the part of the ministry, it was, none the less, a response for which I have thanked you and would today publicly thank you again on behalf of the commuters of Burlington. I advise you that it is something of an incomplete response, given the commuter demands in that area.

There was an article in the local paper in which one of the ministry information managers, Tom Henry, uttered the three most frightening words we ever hear from a bureaucrat when referring to the Appleby line station. He said it is "in the works." It has to be the death knell of any project when we are advised that it is in the works.

My first question to you is to determine the extent to which the statement can be clarified by you. You do not need to hear from me. You are very much aware of the congestion and safety hazards associated with the overcrowded Fairview station, which is completely overtaxed. You have even gone into some rerouting of creeks to expand the parking lot at that location. The traffic congestion is intolerable. Can you give a more complete answer as to when we might anticipate the Appleby line station?

11:50

Hon. Mr. Fulton: Your comfort level would have decreased even further had Mr. Henry said it is "under consideration." Mr. Parsons, perhaps you can answer this question about Appleby station.

Mr. Parsons: The Appleby station is currently being designed by R. E. Winter and Associates. As that design comes towards completion, we will take the next step of apportioning the funds for construction.

Mr. Jackson: I know all your ministry budgets are five-year projections. Which year do you have you that projected into? R. E. Winter and Associates are not going to take five years.

Mr. Parsons: No. It is envisaged to be opened in the 1988-89 fiscal year.

Mr. Jackson: Have those dollars been earmarked?

Mr. Parsons: They are in our five-year capital.

Mr. Jackson: Have they been approved by the minister?

Mr. Parsons: Yes.

Mr. Jackson: My second question is in reference to a conversation I had with a GO bus driver, who advised me of a meeting of drivers that was held recently with respect to proposed cutbacks for GO bus service in the Hamilton-Burlington area. I do not know whether this information was presented to them on an official or unofficial basis, but it stimulates the obvious question: are there any immediate, short-term or long-term plans to cut back the existing GO bus services, including the number of buses on current routes?

Mr. Parsons: No. At this time, there are not. What you have been advised of may be that an agreement was made with Gray Coach Lines, which provides the drivers for us; we own the vehicles. The agreement has our drivers taking over that service two years from now. I think there might be some controversy among the existing drivers, who are Gray Coach employees.

Mr. Jackson: I understand there are some seniority provisions which could cause some alarm to the existing Toronto Transit Commission—

Mr. Parsons: Having said that, all that has been agreed to by their union, Local 113.

Mr. Jackson: With respect to the focus of the minister and GO Transit on the Milton runs versus the focus and priority of the Hamilton-Burlington runs, I hope it is not news to you that Milton's ability to expand and, therefore, to increase potential ridership is severely hampered by the fact it can no longer build, given that its sewer systems are taxed. It is a significant matter, which has been sitting with the Minister of Municipal Affairs (Mr. Grandmaître) and his ministry. However, Burlington is expanding somewhere in the neighbourhood of five to eight times more than Milton, and Hamilton is still waiting. I notice you are earmarking \$12 million for five additional trains for 1988, or for two additional trains. Are my figures somewhat correct?

Mr. Parsons: It is for two additional trains.

Mr. Jackson: Is my figure of \$12 million correct, or has that been revised downward?

Mr. Parsons: It is likely true.

Mr. Jackson: To what extent are your plans being guided by the reality of the abilities of those communities to expand to meet your forward projections?

I want to echo the concerns of my colleague the member for Wentworth (Mr. Dean), the concerns Mr. Sears expressed to you personally and those of my community. We find the attention Milton may be getting is disproportionate in terms of long-term expansion, over and above the very clear and real needs and immediate ridership response that might be anticipated from Burlington and expanded Hamilton accesses.

Mr. Parsons: I think it is fair to differentiate between Milton and the Milton line. Milton is the terminus of our line that runs through Etobicoke and Mississauga, including Erin Mills. I think you will agree there is no community growing more quickly than that western section of Mississauga. The three trains we have serving that line today are almost all full. The expansion that is talked about is to service the growth that is taking place in Mississauga. I agree with you in that the growth is not taking place in Milton. That happens to be where our trains are stored; they are stored at Campbellville.

Mr. Jackson: However, the two trains you are referring to are slated to go all the way to Milton.

Mr. Parsons: Only because they park there overnight. They do not go there envisaging picking up a whole lot of people there. There is some expanded population but not much; we agree. The fact is that they run out there in the afternoon and stay overnight. They start there in the morning and come back through Mississauga to pick up the vast numbers of people who are there.

Mr. Jackson: Thank you.

Mr. Gregory: At some time in the past, I understand there were negotiations going on between GO Transit and the TTC regarding a merging of their fares. I cannot tell you where this was happening, but it was being considered. Has anything happened on this? Is it still being considered? If it has gone out the window, why?

Hon. Mr. Fulton: I heard only part of the question. Does this relate to the drivers?

Mr. Gregory: The merging of fares.

Hon. Mr. Fulton: We have a transit advisory group in place, as I think you are aware. One of the areas they are looking at in the overall area of Toronto and the greater Toronto area is how we can address the question of some fare integration.

That is ongoing. It has not been dropped; it has not fallen through the cracks. It is very active.

Mr. Gregory: Would this apply not only to Metro Toronto but also to Mississauga?

Hon. Mr. Fulton: Yes. We refer to it as the GTA, the greater Toronto area, which takes in the entire commutershed area of all the regions immediately abutting Metropolitan Toronto.

Mr. Gregory: If this happened, one of two things is going to happen: either the revenue to TTC and/or GO Transit is going to go down and it is going to be almost a sharing of it, or you are going to have to increase fares to pay for this service.

Hon. Mr. Fulton: We are waiting for the task force to come back with its projections.

Mr. Gregory: I expect that is one of the things it will address. If you take a GO train and transfer on to the TTC streetcar or subway, then the TTC is losing money on that.

Mr. Parsons: We currently have fare integration in a number of communities, including Mississauga. Someone who lives near you, Mr. Gregory, for instance, might buy a monthly pass on Mississauga Transit at a discounted rate, ride to the GO station and use his or her monthly pass there to ride to downtown Toronto.

The next step, which you alluded to at the start of your questioning, is the possibility of getting off at Union Station and getting on the TTC downtown to go where one wants to go. That is under consideration in the forum the minister has mentioned.

Mr. Hobbs: Beyond the question of fare integration involving GO Transit, we are looking at the question of co-ordinating transit trips across the boundaries of the regions that abut on Metropolitan Toronto. There is another dimension beyond GO Transit and TTC. There are increasing pressures for cross-boundary transit trips that may not necessarily end up in the core area of downtown Toronto. That is also part of what the transit advisory group is looking at.

Mr. Gregory: We have a rather ridiculous situation in Mississauga. For example, several buses on the Mississauga line can travel and pick up right to the borders of Etobicoke. Then they have to make a direct run to the subway; they cannot stop to pick anybody up. I do not think they can let anybody off either; I am not sure of that. That seems to be rather silly.

I do not know how you would get around it. I guess it would have to be a melding between TTC and Mississauga Transit to accommodate this. I expect the reason they are not allowed to pick

up people in Toronto is objections from the TTC, which I can understand. Are you going to be addressing yourself to this sort of question?

Mr. Hobbs: A lot of that has been based on the fact that for a long time by far the largest part of the population was in Metro Toronto and there were some pressure points at some areas along the boundaries. With the growth that is taking place in areas such as Peel, York and Durham, we are getting increasing pressures from people who want not only to go into downtown Toronto but also to take transit trips that cross the municipal boundaries.

The people who run the transit systems have a particular interest in where their systems go and the revenue implications. With the transit advisory group, we are trying to look at little beyond that and look at it from the standpoint of the individual who wants to travel, irrespective of what the transit system may be, whether it is TTC or GO or what have you, to see how things could be more co-ordinated and more integrated from the standpoint of the travelling public.

Mr. Gregory: I do not have any other questions. I congratulate Mr. Parsons and Mr. Leach for the very competent fashion in which they operate. They do not operate in quite the same way as the TTC does; they do not have the high degree of parochialism the TTC demonstrates. Those of us who do not live in Metro Toronto are very grateful for that. I know Mr. Parsons both as the chairman of the Toronto Area Transit Operating Authority and a friend. I congratulate him. I think he is doing a good job.

Mr. Chairman: Of course, he is highly supportive of Mr. Leach.

Mr. Gregory: I mentioned Mr. Leach's name as well. Chairmen never give credit to staff; you know that.

Mr. Chairman: It is 12 noon. We will have a break until about 3:30 p.m. I presume Mr. Parsons and Mr. Leach have the afternoon off, now that we have talked with them this morning. Mr. Biddell, who is a consultant to the Urban Transportation Development Corp., has been here for quite some time. Minister, I am advised that the questions may be to you rather than to Mr. Biddell, but in case you get into trouble, I hope he will come back this afternoon.

Hon. Mr. Fulton: He will be here.

Mr. Gregory: Many of our members have had questions on GO Transit. I cannot be sure that some will not come in with additional questions, but I think they will be more generalized and for

questions on GO Transit. I cannot be sure that some will not come in with additional questions, but I think they will be more generalized and for the minister, rather than for the chairman of TATO.

Hon. Mr. Fulton: Should we ask one or both to stay?

Mr. Gregory: If it is something you would need their help with, perhaps they can—

Mr. Chairman: Do it another day.

Mr. Gregory: Yes. One can never be sure when the members are going to come in and ask a silly question.

Mr. Chairman: Thank you.

The committee recessed at 12:02 p.m.

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- Hobbs, D. G., Deputy Minister
- Parsons, L. H., Chairman, Toronto Area Transit Operating Authority
- Leach, A. F., Managing Director, Toronto Area Transit Operating Authority

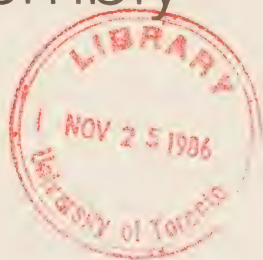


No. G-4

Hansard

Official Report of Debates

Legislative Assembly of Ontario



Standing Committee on General Government
Estimates, Ministry of Transportation and Communications

Second Session, 33rd Parliament

Thursday, October 23, 1986

Afternoon Sitting

Speaker: Honourable H. A. Edighoffer

Clerk of the House: C. L. DesRosiers

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday, October 23, 1986

The committee resumed at 4:11 p.m. in room 228.

ESTIMATES, MINISTRY OF TRANSPORTATION AND COMMUNICATIONS (continued)

On vote 2601, ministry administration program:

Mr. Chairman: I call the committee to order for the consideration of the Ministry of Transportation and Communications estimates.

As we said this morning before we recessed, we have agreed to consider the Urban Transportation Development Corp. Ltd. first. Along with the minister and the deputy minister, we have Mr. Jack Biddell, who is a former chairman of Clarkson Gordon. He has been seen around the halls of Queen's Park for quite a few years in various capacities, the Inflation Restraint Board being one of the notables. We also have Gerry Johnston, assistant deputy minister of provincial/municipal transportation.

Mr. Gregory, as I recall, you asked for the floor.

Mr. Gregory: That is right. I have several questions regarding UTDC Inc. I will try to get through them as expeditiously as possible so that my colleagues will have an opportunity to participate.

Mr. Pouliot: And perhaps get the answer on the dilemma of UTDC as well.

Mr. Gregory: I missed that.

Mr. Chairman: Carry on, Mr. Gregory.

Mr. Pouliot: Sorry.

Mr. Gregory: Do I still have the floor?

Mr. Chairman: Yes.

Mr. Gregory: Yesterday in the House I sent a letter to the minister with a request for some documents. I recognize it was rather short notice, but we had not seen anything tabled regarding the sale of UTDC. Has the minister been able to come up with those documents?

Hon. Mr. Fulton: Yes, I have. We have all the relevant studies, most of which were tabled. This is the Urban Transportation Development Corp. Ltd. evaluation, Wood Gundy Inc., March 1986.

This is annex B: The Lavalin Inc. proposal for the acquisition of business of the Urban Transportation Development Corp. of February 1986.

This is part I of the documents relating to the selection of the best bid for acquisition of the UTDC; part I, March 1986. This is part II, documents relating to the selections of best bid for acquisition of the UTDC, March 1986.

What else do we have?

There are the three agreements between the government and Lavalin Inc. at the time of closing on September 17, 1986. These have been made available.

Here is the memorandum respecting the sale of assets; also, the shareholder agreements, the agency agreement and copies of the auditor's report for UTDC for the past three years are contained in the annual reports, which were tabled in the Ontario Legislature. There is 1983, 1984 and 1985. Therefore, all the documents you requested are already a matter of public record. These are for you.

Mr. Gregory: Are these for me?

Hon. Mr. Fulton: I think so.

Mr. Gregory: Thank you. I will get someone strong to pick them up for me.

Hon. Mr. Fulton: We brought them over in a wheelbarrow.

Mr. Gregory: Has the letter of intent actually become the contract? Is that what you signed?

Mr. Biddell: For all practical purposes, yes.

Mr. Gregory: Were there any major changes in it?

Mr. Biddell: No.

Mr. Gregory: Since UTDC was under your jurisdiction and since you presumably signed the sale documents along with Armand Couture of Lavalin, I expect the financial dealings of UTDC appear in your estimates. Can you tell me whether—

Mr. Hobbs: Which financial dealings?

Mr. Gregory: If there was a profit or a realization of cash on the sale or if there was a loss on the sale, should that not appear in your estimates?

Hon. Mr. Fulton: The receipts would go into the consolidated revenue fund.

Mr. Hobbs: Any profits generated by UTDC, even if it were a normal crown corporation, would go into the consolidated revenue fund unless there was a special situation as you find with an agency such as Ontario Northland Transportation Commission, where there is legislation that allows it to direct the fund to rehabilitation of plant and that type of thing. It does not and has not appeared in the estimates of the Ministry of Transportation and Communications for a number of years because there is legislation that specifies it is not a crown corporation like others. It is there to operate as a separate type of corporation. That legislation has been in place for many years.

Mr. Gregory: That might well be, but if what you said were totally so, the actual sale document should have been signed by the Treasurer (Mr. Nixon), should it not?

Mr. Hobbs: No. The shareholder in UTDC is the Minister of Transportation and Communications.

Mr. Pouliot: It is the worst of both worlds.

Mr. Gregory: It sounds like it. In other words, you can sell it and you can sign a paper that says it is sold, but you are not responsible for it in your estimates.

Mr. Hobbs: According to legislation that has been in place for a number of years.

Mr. Gregory: Then who do we use as a target for these things? It appears that nobody wants to take the responsibility. I do not blame you for that. I would not want to be responsible for what you have done either, because I have not seen a gift package such as this one in a lot of years. I assume, minister, that notwithstanding the fact your ministry does not take responsibility for it, you would still probably consider—

Hon. Mr. Fulton: I think the statement was that we did not receive the net dollar purchase. We are not ducking or refusing to assume responsibility for the transaction.

Mr. Gregory: You should thank heavens for that because the net dollar result was a deficit, as I understand it. Perhaps you can correct me on that. Am I to understand that on the date of sale, a cheque was received by the old UTDC or the government, whichever one wanted to take it, for \$10 million?

Hon. Mr. Fulton: The government received the cheque.

Mr. Gregory: Was there a payment on the same day to Lavalin or the new UTDC in the amount of approximately \$14 million?

Hon. Mr. Fulton: I am not aware of that.

Mr. Gregory: Is there not some sort of a service agreement or arrangement? I think it is spelled out in your letter of understanding or whatever you wish to call it. Give me a moment and I will find it. I cannot find the figure, but there is a figure of \$2.75 million per month.

16:20

Mr. Hobbs: There has been no \$14-million payment. There is an agency agreement that establishes the relationship on a contractual basis under which the Urban Transportation Development Corp. Inc. will complete the seven contracts that remain the responsibility of UTDC Ltd. In that, there is provision for specific payment, which is there to cover overheads that are incurred by UTDC Inc. in completing those contracts on our behalf.

Mr. Gregory: I found on page 4 of your letter of committal, under 15.1(b), that part of the agreement is a management fee of \$10 million.

Mr. Hobbs: Yes.

Mr. Gregory: Has that been paid?

Mr. Hobbs: No.

Mr. Gregory: When does that get paid?

Mr. Hobbs: It is paid on a prorated monthly basis.

Mr. Gregory: Is it in addition to that clause (c), a fixed amount of \$2.7 million per month for 18 months to December 31, 1987, covering expenses to finance overhead costs? Is that another item?

Mr. Hobbs: Yes.

Mr. Gregory: In effect, the press editorial I read somewhere—I think it was in the government paper, the Toronto Star—said a total of \$60 million was estimated. If you multiply \$2.7 million by 18 and add \$10 million; it works out to \$60 million. They are quite accurate.

We have received \$10 million and we are committed to pay them \$60 million at this point. Is that correct?

Hon. Mr. Fulton: Those costs would be inherent in completing the contracts by us in any event.

Mr. Hobbs: We would have incurred overheads to finish the contracts. We are transferring overheads that they are going to have to incur, the same ones. In terms of day one, those are some figures that were entered into, but the deal was not done on the basis of those two composite figures. It was done on the basis of the \$10-million initial payment, the \$20-million income debenture, the 15 per cent retention over

a period of time of the post-tax profits and then 25 per cent of the pretax profits. Those are two numbers.

What we have right now is \$10 million. We have an obligation to pay certain costs out over a period of time to complete the contracts, some of which we would have incurred had we retained UTDC—

Mr. Gregory: But we did not retain UTDC. Normally, when you sell a business, you do not maintain the obligations of that business. Once you sell a business, that is gone. The buyer takes over the obligations of the business.

Mr. Hobbs: That depends on the kind of business.

Mr. Gregory: That is right. This is monkey business, this one.

Mr. Pouliot: Tales of Houdini. Now you see it, now you do not.

Mr. Gregory: Smoke and mirrors.

Mr. Pouliot: It is like pulling teeth here. They release only a few bits of information.

Mr. Chairman: Mr. Biddell is prepared to answer your question further.

Mr. Biddell: What UTDC Ltd., which was the company that owned all this business and its assets, sold was its plant and equipment and its technology. At the time of the sale, the vendor had on its books some seven contracts on which there was more than \$500 million worth of work to complete. We did not sell those contracts. Those contracts are retained by UTDC Ltd., but the purchaser of UTDC Inc. is going to act as the agent of the vendor, because the purchaser now owns the plants, to complete those contracts. The two payments referred to in point 15.1 in the letter of intent of July 14 sets out the payments that are going to be made to UTDC Inc. for doing that job of completing those contracts. The first payment is a \$10-million fee that will be paid monthly over the life of the completion program. Then the next payment is \$2.75 million a month to cover the overhead of UTDC Inc. that it will incur in completing the contracts.

I can perhaps assist you by pointing out that, first, the company owned by the ministry and by the province had these contracts to complete. The government had decided it must divest itself of this business. In my opinion—I was first brought into this thing about the end of April 1986—that was a very sensible decision, because the nature of the business the company was carrying on was continually going to involve the government in larger and larger contractual obligations.

Looking at it from a straight business standpoint, the government was required to put up all the performance bonds on all the contracts this company took. The company could not get these contracts because the customer, knowing the government of Ontario was the owner, insisted that the government underwrite every contract. The government had to get performance bonds and give guarantees of those bonds on every contract the company entered into. That was an intolerable situation, recognizing that most of the more recent contracts and most of the prospective new ones involved a whole lot of civil works construction this company was not at all qualified to do.

We had Ontario having to underwrite and provide performance bonds for a whole lot of work that was going to be done by others over whom the province had little or no control. That was the basic reason it did not make sense for the province to continue in its present role. When we came to the sale, the government had decided it must sell this business but the business was on the hook to complete contracts for which the expenditures were going to be in excess of \$500 million over the next two or three years.

When I came in, what Lavalin—I will call it the only live purchaser at the time—was interested in doing was to take a subcontract from UTDC Ltd. at a price that would guarantee Lavalin a profit to complete these contracts. It was really a cost-plus contract that Lavalin wanted to enter into.

That was unacceptable to the government and the ministry. I agreed it should be unacceptable. Therefore, we changed the nature of the transaction around. Rather than give the new purchasing company a cost-plus contract, we gave them a contract that said: "You do the work for our account. We will pay the direct costs, the labour and the materials required to complete the contracts. We will make you a fixed allowance for the overhead you are going to incur in completing those contracts and we will pay you a fixed fee."

There were a number of reasons for doing that. The basic one was that we did not want to enter into a cost-plus contract. Many of these contracts have requirements that we must deliver these cars by a certain date. We wanted there to be a real incentive on the part of Lavalin, which was going to do them for us, or new UTDC which was going to do them for us, that it would get them done expeditiously. That was one of the fundamental reasons we entered into a fixed amount for overhead. You can see in the letter of intent that it is for 18 months. If they do not get those

contracts done by that time, they are going to have to pay all the overhead costs themselves. We did not want to give them a cost-plus contract; we went into this arrangement.

16:30

I do not think it is proper to look at the payments we agreed to make to new UTDC as an offset to the price we got for the assets we sold it. They are two separate transactions. On the basis of my experience of having to deal with enterprises of this type, which I had for about the past 35 years of my professional practice, I thought the province was much better off to make an arrangement of this kind, where there was a fixed fee that was going to be paid for the work that had to be done, rather than give out a \$500-million cost-plus contract. That is why it was done that way.

Mr. Gregory: No doubt you could tie me in knots with accounting.

Mr. Biddell: No. I am not an accountant.

Mr. Gregory: I have great respect for you. As a matter of fact—

Mr. Pouliot: And the workers in Kingston—

Mr. Gregory: Yes. We ran into this with the Ontario Development Corp. the other day. They also have a very creative type of accounting, a smoke-and-mirrors type of accounting. No doubt you can convince most other accountants in Ontario, and obviously you have convinced a number of ministers of the justification of this.

My job, to try to explain to the taxpayers in this province and in my riding why we sold a going concern owned by the government, is more difficult than yours. To my nonfinancial mind—I know nothing about accounting whatsoever—it appears to me that everything is going out and little is coming in. I look at the thing, which says they paid us \$10 million. The deal is that they are paying us \$30 million, but we will not get the other \$20 million for 10 years.

I do not want to argue accounting principles. I am saying how it appears to taxpayers in my riding. No doubt you can make it look good on your books, but I can tell you it stinks when it comes to the public view of it.

Mr. Biddell: I was very dissatisfied with the editorials in the newspapers, because they completely misunderstood the transaction.

Mr. Gregory: Welcome to the club. I am dissatisfied with the editorials in the Toronto Star at all times.

Mr. Biddell: We sold the assets, the two plants and the technology.

Mr. Pouliot: We gave it away.

Mr. Biddell: We sold them for \$30 million. We got \$10 million in cash and we got a note, if you will, for \$20 million payable 10 years hence. The interest on that note is to be 25 per cent of the pretax profits of the company to which we sold the business and assets. We believe that gives the taxpayers of this province a much better run for the money than just selling it for \$30 million in cash or \$10 million in cash and \$20 million with a rate of interest.

Mr. Gregory: Thank you very much, but in that last statement, where you talked about 25 per cent, you forgot to read one part of the paragraph, where it says, “profit before income tax, until redemption, on a cumulative basis, provided that such interest shall be a deductible expense to the new UTDC for tax purposes and, if not, such interest shall be reduced by any additional income tax payable because of this nondeductibility.”

Mr. Biddell: Yes.

Mr. Gregory: What I am saying is, what has Lavalin paid and what are we paying? They have given us \$10 million and have then said, “We will pay 25 per cent before income tax provided we get that money back in income tax deductions.” That is great. In other words, they will pay it to us provided they get it back from the other taxpayers.

Mr. Biddell: No. That is not a correct interpretation of what those words mean. The contract is that \$20 million of the \$30-million purchase price is not paid now and is not paid for 10 years, but final payment of it is guaranteed by Lavalin itself, not just new UTDC, and as a participant in what we hope and expect will be the profits of the purchasing company, we are to get 25 per cent of the pretax profits.

As you point out, there is a qualification to the latter. The amounts paid to us have to be allowed as a deduction from the taxable income of new UTDC. We have spent a great deal of time with the Department of National Revenue and the federal Department of Finance to work out that they will agree to the deduction of the profit portion that is paid to us as a deduction from new UTDC's income. We have every reason to believe that they will agree to this and that we will get 25 per cent of the pretax profit of the acquiring company, new UTDC, in the next 10 years.

Mr. Gregory: That is fine. We will get the 25 per cent. We will also pay a lot of it back through income tax deductions. I assume that will be tax

deductible on federal income tax as well as provincial, will it not?

Mr. Biddell: New UTDC will be able to claim the amount of the profit share it pays to us as a deduction from its total profits when it files its tax returns. We do not pay it. Some part of the tax that would otherwise be payable if it were not allowed that deduction would accrue to Ontario, but the province is a net winner on the deal when you take the tax effect into account.

Mr. Gregory: As I said, you can probably baffle me with accounting, and you are doing a good job of it. If new UTDC does not get this tax deduction, it will not pay us; if it does, then it will pay us, but the taxpayers of Ontario and Canada, through the lessening of the income tax payable, are paying it anyway.

That may sound like doubletalk—and with the greatest respect to you and your accounting ability, I think I am getting a little doubletalk here—but I have to go back to my statement that I am speaking as a lay person on behalf of a great many lay persons, who outnumber accountants by a large number. Most of them do not understand.

Hon. Mr. Fulton: Do you have the figures to prove it?

Mr. Gregory: Between lawyers and accountants, they might be close to equal.

Hon. Mr. Fulton: They outnumber the politicians.

Mr. Biddell: When I was hired to do this job, I constantly had before me the position of the taxpayers of this province. I tried to work out a deal that would be to their benefit. I think you will find on analysis of this transaction that the taxpayers will be better off by permitting the paying company, new UTDC, to deduct what it pays us from its taxable income and we get 100 per cent of what it pays us. We will lose some part of it net, because we will not get that as our share of taxes collected from the federal government, but we are better off in the final analysis.

Mr. Gregory: We are better off in your mind.

I would like to go back. We will get 25 per cent of \$20 million.

Mr. Biddell: No, not 25 per cent of \$20 million at all; 25 per cent of whatever profit new UTDC earns in the next 10 years comes to us. We get that instead of interest on the \$20 million.

Mr. Gregory: It could be a lot or it could be none.

Mr. Biddell: That is right.

Mr. Gregory: In other words, we are not guaranteed any interest on that money.

Mr. Biddell: That is correct.

Mr. Gregory: As a matter of fact, we could end up getting only the \$20 million. We could end up with a total package of \$10 million plus \$20 million, which is \$30 million. That is what could happen.

Mr. Biddell: That is correct.

16:40

Mr. Gregory: When this was being sold, why did they not calculate a reasonable rate of interest on the \$20 million the same as we have to pay when we borrow money on the American market or wherever?

Mr. Biddell: That was a calculated decision. Lavalin, based on our understanding—and a detailed investigation was made of it—is the largest and probably the most profitable engineering organization in Canada. It has a world-wide marketing network and a great deal of expertise not only in the area of transportation systems but also in all the other aspects of civil work that have to become a part of any contracts we can get. We think Lavalin will do well. We decided we would get more out of the arrangement we entered into, rather than just get a rate of interest on the \$20 million. We may be wrong.

Mr. Gregory: That is a calculated decision on your part and on the part of the government. Whether you sold it to them or they sold it to you, or Lavalin sold you both down the river I do not know.

Mr. Biddell: We introduced it to Lavalin.

Mr. Gregory: When you say Lavalin is a very successful company, I can well imagine it is. If it is able to make many deals like this, it is no wonder. It will take over the world next. I wonder if Mr. Biddell is going to have a part in selling Minaki Lodge, because we could be in for another surprise.

Mr. Biddell: I have not been asked to do that.

Mr. Gregory: That will be a very interesting one too.

What bothers me a great deal is that there was an initial agreement where we were going to get \$30 million up front. That was revised at the insistence of Lavalin after such a masterful public relations job that the government did on UTDC, in which people were dropping off like flies because the government was busy telling everybody what a rotten deal UTDC was while it was on the market. That is like putting your house up for sale and telling everybody the real

estate person brings around about every hole in every floor and every wall and saying the furnace does not work, there is a hole in the pool and the roof is falling off.

This is precisely what happened. The government drove down the price. I think there was a motive behind that. The government had made its mind up to get rid of it at any price—it did not matter—so it had to find some way of getting the bids down so it could find a buyer.

It does not wash with the taxpayers. It does not wash with the taxpayers in my riding. I cannot say they did not want us to sell it. Most of my constituents are of the same bent as I am; they are free enterprisers. They do not believe in government involvement in such things as this. However, they do not believe in giving things away either. When I explain to people in my riding what happened, or let them see a copy of this, they think you people are crazy, apart from the financial aspects of it.

This affects my colleague in Thunder Bay and Jim Taylor in Kingston. I think the plant is in Jim Taylor's riding. There were no guarantees regarding job retention. Can the minister tell me at this point how many employees in the Thunder Bay and Kingston plants have lost their jobs?

Hon. Mr. Fulton: I do not have the figures in front of me, but I think the total payroll was in the range of 1,650 or so. I believe there has been a net decrease of about 70, which involves Toronto head office and other people on other projects. I think there have been a couple in Thunder Bay and a few in Kingston, but it has been spread over the areas of the province, since Detroit and Vancouver are winding down. We have job protection in the contract and a penalty clause to Lavalin on behalf of the province that if it does not meet certain employment levels, there is a financial penalty to it.

I am advised there are 550 in the bargaining unit: 450 in Thunder Bay and 100 in Kingston. I think it is split pretty much along those lines. As we stated very clearly at an earlier point, because of the dual management, some of the management people were not going to be required. Settlements have been and are being made with respect to those people, but there has not been a massive loss of jobs at all. I believe there were 70 or 71 in total out of a complement of in excess of 1,600 people.

Mr. Hobbs: The breakout in terms of the people who have not been retained is seven in Thunder Bay and 39 in Kingston, with the rest in the Toronto head office. The reason for that in the Toronto head office is that Lavalin has compara-

ble staff to provide corporate head office functions such as accounting, marketing and what have you that have been carried on.

Mr. Gregory: According to the information I have, nonunion staff in Thunder Bay has received job benefit cutbacks. There will be a limit of four weeks set on annual holidays, and sick days will be limited to 10 a year. Ontario health insurance plan payments will be limited to \$12 a month, and there will be cuts in the dental plan now offered. Is that information factual?

Mr. Hobbs: It is possible if Lavalin and the new heads of UTDC Inc. try to correlate the overall Lavalin structure related to benefits and things such as that with what exists at present.

Mr. Gregory: Minister, could you provide this committee with a list of all new "old" UTDC management staff, if any, their positions and their salaries?

Mr. Hobbs: Mr. Gregory, I want to clarify one point I made. The question of the possibility of any change in benefits does not have anything to do with the bargaining unit, where the current contract between the employer and the union stays the same.

Mr. Gregory: Do you want me to repeat that question?

Hon. Mr. Fulton: Yes. I did not quite catch the—

Mr. Gregory: Would you be able to provide the committee with a list of all new "old" UTDC management staff? In other words, do you have new people appointed in the old UTDC that is carrying on?

Mr. Hobbs: One.

Mr. Gregory: What is his position?

Mr. Hobbs: President and chief executive officer.

Mr. Gregory: Is this to replace Kirk Foley?

Mr. Hobbs: Yes.

Mr. Gregory: What is his salary?

Hon. Mr. Fulton: His or Mr. Foley's?

Mr. Hobbs: It is \$65 per hour on a per diem basis.

Mr. Gregory: It is \$65 per hour per diem.

Mr. Hobbs: It is a contract. It is \$65 an hour, and the contract is on a per diem basis. In other words, it is not for a year; it is a standard consulting-type contract of \$65 an hour.

Mr. Gregory: That is roughly around \$500 a day, \$2,000 a week or \$8,000 a month.

Mr. Pouliot: Is this before or after the 14 per cent wage hike Mr. Foley got in 1983?

Mr. Hobbs: There are 16 people at present in old UTDC, if you want to call it that, including the one newly hired. Its job is to represent the shareholder and the government in terms of relating to new UTDC in terms of the completion of the seven current contracts but also, most important, to deal with the claims on warranties and to wind down the financial affairs that remain with the province. We expect that will take place for a two-year period. Those 16 people will be reduced by a certain number by Christmas and eventually to a very small number, and they will finally wind down.

Mr. Gregory: I assume Kirk Foley is gone. What was his final settlement?

Hon. Mr. Fulton: That was disclosed in the House the other day. I believe the total payment was about \$320,000 plus some accrued benefits of around \$47,000.

Mr. Gregory: What does that represent in terms of years? It is a severance of sorts.

Hon. Mr. Fulton: They hired him in 1974, I believe. He had been with the company for about 13 years. The settlement was \$321,000 in salary and \$48,000 in benefits.

16:50

Mr. Hobbs: It is equivalent to two years' salary, which is the normal commercial settlement.

Hon. Mr. Fulton: It was negotiated by McCarthy and McCarthy and Thorne Stevenson and Kellogg. It was considered to be equitable in terms of the relevant kind of job in the relevant kind of industry.

Mr. Gregory: I am not questioning whether he got too much. What I am questioning is that you must have wanted to get rid of him awfully fast.

Hon. Mr. Fulton: It was a very amicable parting. He was quite happy to go.

Mr. Gregory: Is he acting for you in any capacity at the present time?

Hon. Mr. Fulton: Not now, no.

Mr. Hobbs: But we are negotiating with him to see whether there is some basis—Mr. Foley has a phenomenal amount of expertise and experience with matters related to UTDC, particularly when it comes to the question of what was involved in certain contractual arrangements that relate to claims and warranties in the terms of these contracts. Therefore, we are negotiating with him to see how, on an occasional basis, that experience can be made available to us if and when we need it to clarify some points,

particularly with respect to the claims and warranties.

As the minister says, and having been involved in these things, I think the parting has been very amicable. Mr. Foley has been exceptionally co-operative as far as a lot of the details were concerned that have had to be cleared up where he was the only person around who had some of the experience and recollection of what had taken place.

Mr. Gregory: Please do not misunderstand. I am not in any way trying to cast any mud on Mr. Foley.

Hon. Mr. Fulton: So that you have a complete answer, he is not with us today, but he was retained for 20 days from the time of the completion of the sale to the transition on a per diem arrangement.

Mr. Gregory: To get over the hump, that sort of thing.

Hon. Mr. Fulton: Yes.

Mr. Gregory: I have a lot of respect for Mr. Foley.

Hon. Mr. Fulton: He is a good friend of mine.

Mr. Gregory: I am glad he took you for a bit of money when he went. It has become the thing do around here, has it not?

Hon. Mr. Fulton: He was complaining about the amount that the federal revenue people took from him before he got out of the building.

Mr. Gregory: Yes, I imagine we got a bit of it back; that is for sure.

Can you give us any information, in as much detail as possible, on the status of the contracts with Detroit, Boston and Santa Clara in California?

Hon. Mr. Fulton: Detroit is back on stream, to be operational for fare service by about this time next year, as I understand it. I am advised it is 70 per cent completed now. They ran into some problems with beams and so on, as you are probably well aware.

Vancouver has been operational since last December, with fare service in January of this year. It is operating extremely well.

Scarborough has been into fare service since March 1984 or 1985.

Santa Clara, I think, is a matter of production. As far as I am aware, it is on schedule.

I believe we are doing some cars for Boston.

There was a question earlier this morning about the 63 bilevels for GO Transit. They are into the program.

There are some additional cars for the Toronto Transit Commission, and we are taking delivery right now of some of the subway cars. There has been some delay, but production is scheduled right through to at least the third quarter of 1988.

Mr. Gregory: Between the time the first statement was made by the Premier (Mr. Peterson) that UTDC would be sold and the time you actually sold it, how many new contracts were signed, new orders?

Hon. Mr. Fulton: There were certainly discussions with Vancouver to extend their system, and I believe they are proceeding—it started last December—to extend it.

The TTC has indicated an interest in expanding its fleet of vehicles, and there is a new order for 16 bilevels for the state of Florida in the United States.

Mr. Gregory: Is this a new order?

Hon. Mr. Fulton: It is a new order.

Mr. Gregory: From?

Hon. Mr. Fulton: The state of Florida.

Mr. Gregory: The state of Florida. Has that order come to the old UTDC or the new UTDC?

Hon. Mr. Fulton: It would be the new, but it has been negotiated for some time. Of course, we are still waiting for the federal government to place the order for the Via Rail cars, which will be one of the major orders.

Mr. Gregory: Have you any knowledge of the number of orders that have been placed with the new Urban Transportation Development Corp. since the recent selling date?

Hon. Mr. Fulton: Just the one we mentioned, which is to the state of Florida.

Mr. Gregory: But you said that was the old UTDC.

Hon. Mr. Fulton: No, it is new. But the negotiations started before the sale.

Mr. Gregory: That is what I am trying to get at. The negotiations started. Who inherits the sale that culminates now from the work that was done before the sale? Does that go to the old UTDC, to the new UTDC or to Lavalin? Who inherits that?

Mr. Hobbs: The Florida sale goes to the new UTDC but the old UTDC and the province will still be involved on the basis of the 15 per cent post-tax profits and the 25 per cent pretax profits that may be generated by that deal.

Mr. Gregory: Do you know of any new sales that have been made by the new UTDC since the

sale of the company, or since Lavalin purchased the company?

Hon. Mr. Fulton: No.

Mr. Gregory: Would you be informed of that? Would anybody inform you if they did make any sales?

Mr. Hobbs: Absolutely, we have an ongoing, day-to-day relationship in terms of the completion of the current contracts, but also the province will have three directors that it will name to the new UTDC over, at a minimum, a 10-year period.

Mr. Gregory: You mentioned the sale of rail cars to the Florida transportation department? Is that going through? How many cars are involved?

Hon. Mr. Fulton: It was 16 bilevels.

Mr. Gregory: It was 16 bilevels to Florida. Are they similar to what we have on the GO Transit system here?

Hon. Mr. Fulton: Yes. They would be similar.

Mr. Gregory: And are they now in the state of construction?

Hon. Mr. Fulton: I do not know. Have they started construction?

Mr. Johnston: The contract was signed and they are being fed into the production schedule now in Thunder Bay.

Mr. Gregory: Where would that be done and when?

Mr. Johnston: In Thunder Bay.

Mr. Hobbs: There are several deals which are under negotiation right now, beyond the Florida contract. These things take time and they are in several countries, but one of the problems we have right now as far as Thunder Bay is concerned is that the plant is operating at capacity. So you will be looking to future work beyond 1988, because we are talking about a situation where it is really full to capacity and there is a lot of current work on the lines.

Mr. Gregory: So we should not see any lay-offs up there, then.

Mr. Hobbs: Not in the foreseeable future.

Hon. Mr. Fulton: We do not anticipate any. We might mention in that line, Mr. Gregory, that Lavalin is also looking to expend a substantial amount of money to upgrade that very old plant. I am sure you have seen it. It is a very uneconomical plant to operate and they have made commitments to expend a substantial

amount of money to upgrade the production facilities, reduce operating costs and so on.

Mr. Gregory: Which of course we will not get a lot of benefit out of, will we?

Hon. Mr. Fulton: It is money that the government of Ontario would otherwise have had to spend. While it is not profit in our pockets, it is an expense that we will not now incur.

Mr. Hobbs: To the extent that it permits them to be more competitive in getting contracts, it improves the nature of the product that they are able to produce there, so as we continue to have the 15 per cent interest in the post-tax and the 25 per cent in the pretax, then we do stand to benefit.

Mr. Gregory: Do you recall, Mr. Hobbs, what the market value assessment was on the properties in Thunder Bay and in Kingston?

Mr. Hobbs: The total valuation of the assets was anywhere from \$24 million to 30 million, in the Wood Gundy valuation.

Mr. Gregory: In effect, the price we got, \$30 million—\$10 million now, \$20 million later—was really just the value of the assets.

Mr. Hobbs: That is what we sold. With the potential for future profits in addition.

Mr. Gregory: Okay. I think Mr. Biddell mentioned that what was sold was the assets of the company plus the expertise. If this \$30 million was the market value assessment on the properties, and we got \$30 million, then what did they pay us for expertise?

17:00

Mr. Biddell: The total value of the company, its assets that were going to be sold were estimated by Wood Gundy to be in the range of \$24 million to \$30 million. I think the appraised value of the two plants was something less than \$20 million in total.

Mr. Gregory: The appraised value according to your figures was somewhere between \$24 million and \$30 million?

Mr. Biddell: It is not mine, sir; it is the Wood Gundy valuation.

Mr. Gregory: The valuation according to Wood Gundy was somewhere between \$24 and \$30 million. For the sake of argument, can we say \$27 million?

Mr. Biddell: All right.

Mr. Gregory: That would assume the expertise went for \$3 million.

Mr. Biddell: No. Including the expertise, the valuation they put on it was in the range between \$24 and \$30 million. The plant, all the equipment

and technology and the expertise; the total package, in their view, was worth between \$24 and \$30 million.

Mr. Hobbs: It is very difficult to put a value on the technology because the technology changes from day to day. I remember when I was with the Ontario Northland Railway. We were looking at getting the equivalent of an Amtrak bilevel to replace some of our equipment. We were talking about buying the rights and that type of thing. We discovered that in the period since they had first been built, there had been 1,830 design changes. It is hard to capture the technology valuation because it is in a constant state of development. There is no such thing as the technology staying there as a static thing.

Mr. Gregory: Did not the UTDC develop this linear induction motor?

Hon. Mr. Fulton: Do you mean as the original inventor?

Mr. Hobbs: They did not develop it. They were the ones who applied it in terms of incorporating it into the technology. The basic principle of the linear induction motor was developed by a British firm.

Mr. Gregory: Did the UTDC have to pay royalties for that?

Mr. Hobbs: Yes. There have been revisions and adaptations to put it to use in this type of vehicle.

Mr. Gregory: That was part of the cost that was paid by the infusion of capital from the government at the time.

Mr. Hobbs: I assume so; I do not know.

Mr. Gregory: We did not get any of it back on the sale.

Mr. Biddell: We sold the technology along with the physical assets, the plant and equipment. It was impractical, if not impossible, to put a precise value on the technology; that was a major reason we elected to go for a share of future profits.

Mr. Gregory: Which again is speculative.

Mr. Biddell: Indeed.

Mr. Hobbs: I will add to that, Mr. Gregory, that Lavalin did not get into this simply to break even. The corporation itself stayed at the table for well over a year. If they had not been very confident that they could take the technology and assets of UTDC and combine that with their extensive international marketing and construction and civil works—it is fair to say that it still remains to be seen what kind of profits are there,

but from the standpoint of Lavalin, it is in business to make profits.

Mr. Gregory: I am not putting them down. They are very clever. They have demonstrated how clever they are. I wish our government were as clever.

I have a thousand other questions I would like to ask on other areas, but in the interest of fairness I will yield the floor.

Mr. Pouliot: I have only a few questions. With respect, I am seeking not so much an opinion as a clarification. I am very naïve and candid at this kind of endeavour because of the few humble courses of economics I took at a couple of universities. The mandate upsets me a great deal—you can appreciate fully that I must report to my colleagues. If we go back to the outset, according to the mandate of UTDC, it was not supposed to engage in direct manufacturing, was it?

Hon. Mr. Fulton: No.

Mr. Pouliot: I see. The legislation did not preclude such developments, so at the beginning they felt it was okay to engage in such endeavours. What was the original mandate of UTDC, as it strikes your memory?

Hon. Mr. Fulton: I stand to be corrected, but in 1972 there was an announcement made in Toronto that a rather extensive system of magnetic levitation, or some other system developed by Krauss-Maffei, was going to be developed in the Metropolitan Toronto area. It did not work very well.

The province then decided to pursue that kind of technology on its own and the original intent was to establish an authority to develop research and in-house expertise. I do not believe the initial intention was to get into manufacturing and to be an ongoing manufacturer competing with the private sector around the world. It is big business, a very competitive situation, and you are going head on with other countries. I do not think that was ever the intent.

Mr. Pouliot: When the UTDC was sold, was it not one of Canada's 500 largest industrial enterprises?

Hon. Mr. Fulton: I have never seen a Fortune 500 for Canada but I suppose UTDC would rank in there somewhere.

Mr. Pouliot: I have a statement from Kirk Foley which dates back to 1983. The president of UTDC was reported to have questioned whether the corporation should be government-owned or sold because it was generating ele-

ments of profit that could be considered in the future as self-sustaining.

I find that rather intriguing. As we go back and do a bit of research we find that UTDC was indeed the brain-child of Mr. Davis during the previous administration.

Mr. Davis: I had nothing to do with it.

Hon. Mr. Fulton: The member has never had a brain-child.

Mr. Pouliot: That is right. This was the same fellow who in fact dreamed up Suncor. I have a reproduction of a Hamilton Spectator article. It is headlined: "Ontario May Sell Part of UTDC Within Two or Three Years, Snow Says." Then it goes on to tell us about UTDC.

Hon. Mr. Fulton: Can I comment?

Mr. Pouliot: How much public money went into UTDC?

Hon. Mr. Fulton: The figure I have, and Mr. Johnston may correct me, is in the range of \$167 million. If I may comment on Mr. Foley, he was very supportive then and recently in the sale.

Mr. Pouliot: Even a fire sale?

Hon. Mr. Fulton: It was hardly a fire sale.

Mr. Pouliot: Perhaps it was not necessary to give away \$167 million of taxpayers' money. What was the annual budget of UTDC at the time of sale?

Hon. Mr. Fulton: Does anybody have a figure? Here is the 1985 one.

Mr. Biddell: The total revenues for the year ended December 31, 1985, were \$251 million. Total expenditures were of the order of \$253 million. The company lost \$2.5 million for the year ended December 31, 1985, according to its financial statements.

Mr. Pouliot: In the last year of the UTDC as we knew it, before it was sold, it actually lost money?

Mr. Biddell: According to the financial statements it had a net loss of \$2,548,000 for the year ended December 31, 1985.

Mr. Pouliot: How many guaranteed contracts did it have at the time the sale took place?

Mr. Biddell: If you mean what was its backlog of business, it had contracts that were going to cost something in excess of \$500 million to complete. That was the cost. The revenue was about \$13.5 million more than that. In other words, assuming they had no problems in completing, no warranty problems and no claim problems, there might have been a \$13-million profit on that \$500-million worth of business.

17:10

Mr. Pouliot: When the sale was announced, aside from Mr. Foley, for whom we have already established this package on departure, which amounted to two years of salary—and I understand that is normal with his title—were the workers, the people who do the actual work, invited to bid? Someone told me in the corridor this morning that someone had to post a \$1-million bond to have access to the books. Is that normal?

Hon. Mr. Fulton: There were proposals by both the Thunder Bay and the Kingston plants, I think separately, to consider an employee purchase. The \$1 million was simply to determine whether there was enough operating capital to make the business fly. I do not think that was an unreasonable imposition.

Mr. Pouliot: Was it to determine that or to deter workers from having access to the trough? This is a cartel among operators.

Hon. Mr. Fulton: It maintained the quality of the bidding process as well.

Mr. Hobbs: When you have competitors putting in bids, without some serious indication of intent you could have people come in, scoop up all the information they need on the competitive intent of UTDC, walk away and prepare their bids in terms of future contracts. They could walk in, look at the books and that would be it.

Mr. Pouliot: We cannot help being suspicious by nature, although we were not like that before. The kind of rhetoric we are subjected to makes us very suspicious. Maybe we bleed a little more; maybe we tend to catastrophize; but I guess it is allowed, especially in view of the fact that the workers were not asked to put in a bid.

Under other conditions, people would be judged very harshly. It does not look good. It seemed to us that you wanted to get rid of it at all costs, come hell or high water. You were going to have a fire sale, even though the company was turning around. Mr. Foley said that several times in many statements. He is on record. He was the president of the corporation. He was a valuable and well-informed element of that company. He said, "It will be making a profit."

I do not know, but it is my understanding, and I use my words carefully, that whoever cooked the books—because there is high suspicion; you do not need to be a Philadelphia lawyer to understand. I am not talking about the sale; that is another kettle of fish; that is even harder. But to understand the profits, this company was turning around. It was doing very well. The future

looked promising. But you were already on record; you were committed to getting rid of it.

We have less trouble with getting rid of it, provided that the workers are encouraged to take their rightful part, in ownership if need be; provided that, if it is not so, you will have job guarantees. What you have here are double and triple standards. You have the main honcho, with all due respect, who gets \$320,000, and you have the lives of 70 employees. It was your responsibility because it is a crown-owned corporation. Whether the mandate or the letters patent spell it out that way means little.

The bottom line is not hardware, it is people; and in that respect you have failed, because 70 of those people have already been canned. They have no jobs. They have very few alternatives. You did not even give them job guarantees. You do not want the same problem again. If you feel that your mandate does not allow you to enter the private sector, we can live with that; but my God, this is repugnant. This borders on the insane. The company is turning around, and with assets such as it has, the future looks positive. Finally, you had the responsibility for more than \$167 million of taxpayers' money, our money collectively and individually, and you gave it away because of a "principle."

You agonize and you leave a bit of yourself and you give credence to the system. It is very difficult. It makes it even more difficult, and then we have nice words—I will conclude, Mr. Chairman—and nice rhetoric. You wrap it up to make it somewhat more palatable. The sleep of the just, which the Bible very often mentions, does not become everybody, but I guess we can forget about that.

I have talked personally with many of the workers. They were not hesitating. They had gambled that they would be given a fair chance to bid; or if not, at least that their jobs would be secure. Those people are left holding the bag in this endeavour, and you wash your hands by giving away taxpayers' money. You couple this with Suncor and, my Lord, where are we going?

Hon. Mr. Fulton: Suncor is not on the table. It certainly had nothing to do with us.

Mr. Pouliot: We would be here for ever.

Hon. Mr. Fulton: I categorically reject that it was a fire sale or that we gave it away. At no time were the workers prevented or prohibited from entertaining a bid.

Mr. Pouliot: A million bucks' worth. Where do you want Joe Lunchpail to raise \$1 million? Let us be realistic.

Hon. Mr. Fulton: The effort was made, and they were not prohibited in any way from making the bid; but any bid obviously had to come in on the same terms as anyone else's. We did manage to protect the vast majority of jobs within the terms of the contract to the extent that if the new owners do not meet those conditions and those numbers, they will be heavily penalized financially. If anything, Lavalin is going to make this company grow. There is no question about it.

Mr. Pouliot: You had better believe it.

Hon. Mr. Fulton: It will enhance employment.

Mr. Pouliot: By ricochet and by accident.

Hon. Mr. Fulton: Not at all. You are talking about one of the world's leading engineering manufacturing companies, with expertise and contacts around the world, and that is where the markets are.

Mr. Pouliot: They are much better now, world-renowned, true-to-form Canadian companies; we all know this. You should have smelled a rat because you were looking at one when they started to bid. Those people are experts at helping you out of your misery. Our party is saying it should not have been sold. It was turning around. It could have been a success story. It will be a success story, but you will not get the credit.

Hon. Mr. Fulton: That is certainly not indicated in any long-term prediction.

Mr. Pouliot: You are not protecting \$167 million of investment. It is appalling and shocking. One can be justified in becoming overly agitated from time to time. It just sounds like bad business practice.

Hon. Mr. Fulton: The company showed a profit once or twice in 13 years, and the long-term predictions were not favourable.

Mr. Pouliot: Mr. Foley contradicts that. He says it looks good. It looks so good, let us get rid of it.

Mr. Hobbs: Mr. Pouliot, in addition to the consideration of whether this government felt it was appropriate to stay in the manufacturing technology, what Mr. Biddell mentioned earlier as a major complicating factor, in terms of who should be involved in the business, had to do with the fact that once you got beyond buildings and vehicles in Thunder Bay, the area where we saw that expansion was possible was with the combining of technology and vehicles with civil works. That is the area where Lavalin had the expertise. If the company was involved in projects like that undertaken in Vancouver, in

international markets, that is where the future is seen to be promising. It also required the kind of expertise and worldwide network that a company such as Lavalin has.

It also got you into the question of a government getting into dealing with and having to bond subcontractors and what have you who are located in other jurisdictions, are subject to different legal systems and are subject to totally different sorts of arrangements. Therefore, it was a question of the potential growth area being very much beyond where government should perhaps be operating just in terms of the guarantees, warranties and all that type of thing.

17:20

Mr. Pouliot: My final comment is that I have less quarrel with that, Mr. Hobbs, and your point is extremely well taken. However, the job guarantees should have been not an encouragement but a very strong and well-written guarantee that jobs would be the order of the day. We have already established that they may well do better, but let us not leave it to chance. Those people's jobs should have been protected—a condition that we would accept in advance, in fact, as a condition of sale. That is perhaps our main objective.

Mr. Hobbs: As we indicated, the 550 bargaining unit jobs were guaranteed. Of the 71 people who will not be continuing, some of those people chose not to go with Lavalin. They felt that perhaps their careers could be—in fact, one of them is over working on the tunnel project between Britain and France, by his own choice.

Mr. Pouliot: Okay. Thank you.

Mr. Chairman: May I ask one question? I hear quite a bit about bonding, and it was my understanding that what may well have got UTDC started was the fact that it was a provincial endeavour and you could obtain bonding, and that places such as those cities in the United States, and even Vancouver, wanted to deal with a government that they knew could get bonding. Is that true, or is it a false statement?

Mr. Biddell: It is a fair statement.

Mr. Chairman: How does that then stack up with what you decided to do? Somebody must have decided that the liability the province had to accept to get those contracts was not in the province's best interest.

Mr. Biddell: If I may, it was entirely appropriate where the work was confined to manufacturing cars and designing and installing control systems. But in the latter years it became apparent that outside Ontario you had to bid on

turnkey contracts where you put in the entire system, all the civil works, the stations, the track—a great deal of civil works construction. The value or the cost of many of those turnkey contracts exceeds the value of the railway cars and the system to run them that this company was producing. The province found itself in the position of putting up a 100 per cent performance bond on a \$200-million contract of which, say, only \$70 million related to the work over which the province had control.

That was happening to an increasing degree, and that was a fundamental reason the province decided it had to get out from under. It had to turn this thing over and sell this company in order to see it continue and to see those jobs in the manufacturing and design areas stay in this country. It had to turn the business over to a company that had the overall expertise to do the whole job. This company did not have it, by any means.

Mr. Chairman: Your contention is that Lavalin is in as good a position as the province is to get the same kinds of contracts that Ontario was getting.

Mr. Biddell: It is in a much better position because it has the expertise in house. It does that sort of civil work. It does the negotiation in many countries around the world to get those contracts and to enter into subcontracts with local people to complete turnkey projects. That is the work in which Lavalin is expert, and UTDC was not.

Mr. Chairman: My second question: you have gone over the figures as to what we are paying Lavalin, or UTDC Inc., to complete certain contracts, \$500-million worth of contracts. Is there one payment of \$10 million a month and one of \$2.7 million?

Mr. Biddell: It is a total of \$10 million to complete the seven contracts, and that will take place over two and a half years. It is going to be paid in monthly amounts.

Mr. Chairman: Plus \$2.7 million per month for overhead?

Mr. Biddell: Plus \$2.75 million per month to cover the overhead, and that goes for 18 months.

Mr. Chairman: I can only presume that there are existing contracts, some of which may be for Ontario and some of which may be for other clients. Am I right in assuming that for the \$10 million, plus the \$2.7 million times 18 months, there will be a revenue coming back to the province?

Mr. Biddell: Yes, indeed there will. Whether it will cover the total cost—that is, those two

payments, the \$10 million, the \$2.75 million per month for 18 months, plus all the labour and all the materials required to build the cars and deliver the systems—is highly speculative. There may be a profit on those contracts, but the likelihood is that there will not be. However, I came in when both contracts had been entered into, the province had underwritten them 100 per cent and guaranteed they would be completed at the contract price.

Then it looked at what it was facing, saw that in all probability it was facing a loss on those contracts and that with any new contracts it would be getting even deeper into potential losses because this company had expertise only in certain areas. It had to go out into foreign countries to deal with construction contractors in those countries to try to get a very large part of the turnkey work done. The province had to guarantee their work as well, not just the building and delivery of the cars.

My experience over the last 35 years has been in disposing of major Canadian businesses. That was my work. I concurred completely in the province's decision that it had to sell and get out from under this operation in which it had become enmeshed. I never saw it before April 24, when I was hired, but it took me less than two days to concur completely in the province's decision that it must divest itself of this thing.

Mr. Hobbs: I would add the point that the costs, the revenues, the profits and the losses on the contracts that have been maintained would have been substantially the same if the province had not taken the decision to sell. The issue in terms of selling was, how do you build in an incentive to ensure that those things are completed on the best possible terms for the province? If we had not sold, that work would be done out there and there would have been a question about profit and loss that was there to begin with.

Mr. Chairman: Was the major part of the risk in the bonding?

Mr. Biddell: The major part of the risk in new contracts was in the bonding. The province felt that the company was capable of estimating its costs reasonably when it came to building railway cars and to designing and installing systems to control them. The rest of the work, which was a very large part of any worthwhile contract that was available, was something in which this company had no expertise or experience. They had to go out and find people to do it, usually in foreign countries, and then the

province had to put up the guarantee for the whole thing.

Mr. Hobbs: I would add the example of Detroit, where the problem has not been the vehicles, the cars. The problems we had to deal with in Detroit were with the civil works, the beams, which were subcontracted to an American firm. Then you are subject to the American legal system when it comes to claims and you get into all these complications in addition, related to delays in funding and the relationship with the Urban Mass Transportation Administration, which is the federal government funding agency. It becomes a very complicated matter, but as I say, it did not have anything to do, as Mr. Bell pointed out, with the vehicles or the control systems. It had primarily to do with the civil works, which were the responsibility of a foreign subcontractor.

17:30

Mr. Chairman: If it bid on a foreign project, UTDC knew what it cost to build the cars and then it contracted for the other work on a bid basis, as I understand it.

Mr. Biddell: That would normally have been the case. That would be fine provided that the person to whom they awarded a contract for the civil works was able to complete it and did not go broke in the process, but if he did go broke in the process, it was Ontario that had to pay the bill. For many years, the construction industry in civil works has notoriously been a very speculative business. I was involved in handling the receivership work for the largest amount in this country of any firm for many years, and I would say that three out of five of the companies I had to deal with were construction companies that were bidding on jobs at any price to try to stave off the day they would go bankrupt.

Mr. Chairman: You have not invested heavily in construction companies.

Mr. Biddell: I have not.

Mr. Chairman: Are there any other questions regarding UTDC?

Mr. Gregory: May I ask a quick supplementary to your question? Mr. Biddell, the Wood Gundy report on the value of this firm was not substantiated by the government auditor. As a matter of fact, his statement was that your recommended price was far too conservative. Do you not think that contributed a great deal to Lavalin wishing to come back and rebid?

Mr. Biddell: At the point I came into this for the first time, on April 25, Lavalin had agreed to look at it again, I believe because it had been

informed that the best bid it had given up to that time was unacceptable.

Mr. Gregory: So it came in with a lower bid.

Mr. Biddell: No, it did not come in at a lower bid.

Mr. Gregory: It was \$30 million as opposed to \$51 million. That is lower.

Mr. Biddell: Sir, we have to look at exactly what you are referring to. I believe we got a better deal for the province than the one Lavalin was prepared to accept prior to my coming in. Of course, I can be mistaken.

Mr. Gregory: Our auditor said you were. He said you were too conservative in your estimate.

Mr. Biddell: I have never spoken with him. I would be delighted to discuss that aspect of the matter with him and I rather think I could convince him.

Mr. Gregory: It might be a good meeting, the next public accounts meeting, when they talk about it.

Mr. Chairman: Do you have a UTDC question, Mr. Guindon?

Mr. Guindon: Yes, Mr. Chairman. In your answer to Mr. Pouliot, Mr. Biddell, I believe you said your revenue was \$251 million, your expenses were \$253 million and your loss column was \$2.5 million. In that financial statement you say there was \$13 million that I would call—is it fair for me to call it a reserve? Is that what you mean by—

Mr. Biddell: I did not say that, sir.

Mr. Guindon: No, I am saying it.

Mr. Biddell: Fine. I will have to find it. Can you tell me where you are quoting from, please?

Mr. Guindon: I am quoting from an answer to Mr. Pouliot. I believe it was you who said that the expenses were \$253 million, the revenue was \$251 million and the net loss was \$2.5 million. Then further down you said there was \$13 million there—

Mr. Biddell: Oh, no. The \$13 million was the amount of profit estimated or budgeted in completing the contracts subsequent to the December 1985 year. The estimate was that there was that much profit in the remaining work to be done in the existing outstanding contracts. That was the estimate at that time. It is not going to stand up by a long way.

Mr. Guindon: All right. Is it going to be less than \$13 million?

Mr. Biddell: It is going to be very much less. There is going to be a large loss on completing those existing contracts.

Mr. Guindon: Lavalin is a Quebec-based company; is that right? Is it international?

Mr. Biddell: It is a Canadian company. Its head office is in Quebec but it has many offices in Canada and worldwide.

Mr. Guindon: Where does it have most of its manufacturing plants?

Mr. Biddell: It did not have any of any consequence, certainly not in the transportation field. It now has the two it has acquired from UTDC.

Mr. Hobbs: It has been a civil engineering company. The reason for its interest in UTDC was the prospect of being able to marry the civil engineering expertise, which it has on a worldwide basis, with the vehicle and the system capabilities that UTDC had on the basis of its experience as the turnkey contractor on the Vancouver project. As a result of that, I think Lavalin saw what the potential was in terms of being able to do everything in-house. To be able to do it in-house, it had to add the technology side and the vehicle-manufacturing potential to what it already had.

Mr. Guindon: In the transaction, do you have an agreement with the new owners of UTDC that, if needed, Ontario will bond that company in a contract?

Mr. Biddell: Only with respect to the Via contract, if it materializes, and the GO contract.

Mr. Guindon: That is strictly for what you mentioned a while ago as equipment and what they are good at doing, and not on construction?

Mr. Biddell: That is correct.

Mr. Guindon: That is all I have on that.

Mr. Hobbs: Mr. Guindon, I just want to mention that Lavalin has between 7,000 and 8,000 employees. That is the total number of employees in Canada.

Mr. Davis: I have two questions. If the government, as Mr. Biddell stated, should divest itself of UTDC, why is the government still involving itself in the liability aspects of the firm and not the asset aspects, other than the 25 per cent?

Mr. Biddell: If you are speaking of the government continuing to be involved in the bonding of those two contracts, Lavalin's people said to me many times during the negotiations, "We are not prepared to buy a company that has no backlog of business and no solid prospects of new business." At that time and long before I came into it, there had been extensive negotiations by Via Rail to provide a substantial volume

of work building new cars. Part of it was going to go to Bombardier and part of it was going to go to UTDC. Lavalin said: "Unless that work is going to be there for certain, we are not interested in buying. Furthermore, the volume of bonding that Via Rail is talking about requiring is something that would strain our capacity and we are not in a position to provide the sort of bonds that Via may insist on."

One of the things the province was required to do was to provide the bond if the Via Rail contract came through, but Lavalin was then going to come in with an indemnity to ensure that the province would not lose money on doing so. That sounds a little strange, but to get a bond, you have to go to a recognized surety company. Lavalin requires many bonds in its own work. The surety companies will give any company only a certain volume of bonds. Lavalin would have had difficulty if suddenly required to come up with perhaps another \$100 million in new bonds on top of what it already had. Therefore, it was agreed as part of this contract that if the Via contract is forthcoming, Ontario will get the bond from a bonding company and guarantee it, but Lavalin will give the province an indemnity that it will not lose by having done so.

17:40

Mr. Davis: My other question is to the minister. On several occasions, Mr. Pouliot has read remarks attributed to Kirk Foley stating that he believed the company had a rosy future and it looked good. Your government decided to sell it. Are you stating that Mr. Foley was misrepresenting the future ability of this company? What rationale did you use in deciding to sell it? Did you ignore Mr. Foley's predictions or are you saying that his predictions were all wrong?

Hon. Mr. Fulton: I have never stated nor suggested that Mr. Foley misrepresented or attempted to misrepresent the company of which he was president and chief executive officer. He was a fine asset to the government of Ontario and to that company. However, his projections, in the final analysis, did not work out as optimistically as he anticipated. I should also point out that Mr. Foley was recently and previously very much in favour of the sale of UTDC.

Mr. Davis: If I recall the debates in the House, he indicated that there was the possibility of getting work in Florida and in Vancouver. I know I arrived late, but I believe that in the discussion there was an indication those two contracts are now on board.

Hon. Mr. Fulton: There is a contract with the state of Florida. There is no additional contract yet with the city of Vancouver or BC Transit.

Mr. Davis: Can one say then, probably with realism, that the reason your government sold UTDC, which had the option of becoming a viable unit in the future, was that when you were not the government your colleagues indicated they would sell it as soon as they came across the floor, that this is what they did and this is why we had the fire sale?

Hon. Mr. Fulton: Not at all. It was a very reasoned and reasonable business transaction brought together by a willing seller to one of the world's leading engineering firms that sees a future in it and is taking away from the taxpayers of Ontario an ongoing tax burden.

Mr. Chairman: I do not think there are further questions about UTDC at this point. That does not bar any questions as we proceed through the balance of the estimates. If Mr. Biddell is in a hurry, we thank him and we will carry on now with Mr. Shymko, whose question is on something other than UTDC.

Mr. Shymko: As you know, the estimates are a forum for members to express concerns they have about their own constituencies and that is why I am here. Are you aware that the city of Toronto planning and development department on July 22 issued its final recommendations on the stockyards industrial district, opening up and resurrecting the entire issue of a northwest corridor, namely, the extension of Highway 400?

Hon. Mr. Fulton: I have heard of it.

Mr. Shymko: If I may proceed along the line of what the report says, it deletes the original recommendation of the first report that the existing road width of Old Weston Road, Weston Road, Keele Street and Parkside Drive be maintained. That was the original recommendation. The final recommendation deletes that and says you can do anything you want with those arterial roads.

Therefore, the conclusion that has been reached by many who have shared these fears and who observe these developments is that Metropolitan Toronto now is allowed to widen these four arterial roads as part of the final proposals. On August 18, the city planning advisory committee supported that entire package, including this. It comes before city council on November 3. It has raised the specter of an extension of Highway 400 through the neighbourhood continuing from Black Creek Drive all the way down Keele Street and Parkside Drive to the Gardiner Expressway.

I have fought the extension of Highway 400 through these arterial roads in our residential

neighbourhood throughout my political career, going back to 1975, when speculation about the extension abounded. The Premier of the day issued a strong statement and, along with the Minister of Transportation and Communications, put an end to the speculation by saying there was no way there would be an extension of the highway through those residential neighbourhoods.

As the minister is aware, not only have I discussed these issues with past ministers of transportation, but I have also in a very informal way discussed these concerns with him. Has there been any feasibility study of the other alternative, namely, the CN-CP rail corridor, which is supported not only by individuals such as myself but also by Mayor Tonks of York? I understand proposals were made back in the late 1960s, even by the present chairman of Metro, Dennis Flynn.

In looking at that option, I remember meeting with the minister of transportation in his office in 1975 and looking at maps and at this possibility. There was no commitment from him as there is no commitment from you. Plus ça change, plus c'est la même chose, as they say in French. Has there ever been a serious feasibility study of that option within your ministry? What are your views on that?

This specter of the extension is being raised. In the past, because of the accompanying hysteria, it has been exploited by unscrupulous politicians who have used it in a fear campaign. I want to be on the record that I am not an unscrupulous politician. When fears abound, anyone can use them. I do not want to communicate anything to my constituency in any formal way, but perhaps I can have some indication of your position. Has there ever been a study of that option in the ministry?

Hon. Mr. Fulton: You have far more detail than I have on what Toronto is doing with the stockyards, with any proposed amendments to its official plans and with local road widenings. Some time last fall or early spring, the current Metro chairman initiated some study of a railway right of way. I do not want to play a game of semantics. I assume he was talking about the same railway right of way you refer to.

Mr. Shymko: Yes.

Hon. Mr. Fulton: He has been talking about it. I understand he commissioned a study, presumably through Metro planning and in conjunction with the railway companies. I have not heard anything further about it. There has been no undertaking from this ministry to work

with them or not to work with them. It has never been brought to us. I read it in the paper, as I read of the stockyards.

Mr. Shymko: Surely, in the end, these things end up in your lap.

Hon. Mr. Fulton: Eventually, most things seem to and when they do, we deal with them.

Mr. Shymko: I am not so naïve as to believe that you have blocked your mind, your vision and your options to even contemplating various possibilities.

Hon. Mr. Fulton: I am often up at five o'clock in the morning and I wander through my den, take pen to paper and make notes and things.

Mr. Villeneuve: We have a leader who does that.

Mr. Shymko: Yes. I suggest you could join someone else in this exercise.

In the light of the whole debate along the line of the pressure that is being put for a northwest corridor because of the developments of the rail lands—and it is not fiction, it is a reality, the pressure is there—maybe Metro will come out with some kind of a suggestion or a plan.

17:50

Would you be open to a development or an extension of a highway that would be least disruptive of neighbourhoods, or is there a cost element? You have been meeting lately with the federal people, and I think you have been negotiating funding and transfer payments for transportation, at least from what I hear from the media. That may result in upping the property taxes at the local level, but I do not know.

Hon. Mr. Fulton: Let me clarify that. That refers solely and only to Highway 17, which is on the Trans-Canada Highway through the province. The federal government was involved on a percentage basis a number of years ago, so there is a precedent. They recently contributed \$50 million to the Yellowhead Highway out in western Canada. We had an opportunity to meet with the federal minister on October 2 and we introduced the idea because the needs are there and the issues have been brought forward by a number of members from northern Ontario, from municipalities in northern Ontario and from personal visitation. That is the only highway we have ever suggested might benefit from sharing with the federal government.

Mr. Shymko: Those moneys are to be used exclusively in that area in a sharing arrangement—

Hon. Mr. Fulton: We do not have moneys in our pocket yet to discuss how they are going to be shared but they were solely for that one rather massive project.

Mr. Shymko: Thank you for that clarification.

Hon. Mr. Fulton: If they want to come along and offer us other moneys, we certainly will not turn them down.

Mr. Shymko: I wonder if I could hear something from the deputy minister.

Mr. Hobbs: With respect to the federal funding on that basis, the minister has put the suggestion forward, but in the past 10 to 15 years since the completion of the Trans-Canada Highway, any requests for further funding on that stretch of highway have never really been successful.

As the minister indicated, given what the federal people are doing with the Yellowhead Highway, which goes through four provinces in the west, and what they are doing in terms of highway agreements with respect to New Brunswick and a certain riding in Quebec and in looking at some in the Maritimes, if they are going to put some dollars into highways in the other provinces, we feel that now may be a good time to put forward a case for some funding, particularly with respect to a highway such as 17 because it is such a lifeline.

Hon. Mr. Fulton: Perhaps you could assist us with some of your friends in Ottawa to—

Mr. Shymko: I wish you could assist me in answering some of the questions I pose. I must congratulate you on your resilience and your ability and talent not to answer and not to commit yourself.

Hon. Mr. Fulton: I was responding to a very direct statement that you made, and I wanted you not to leave this room with any misconception about federal funding.

Mr. Shymko: Let me ask you again a very direct question, which I have attempted to have you answer.

Hon. Mr. Fulton: When Metropolitan Toronto presents the study, if it is under way, which is right now hypothetical, as is the question, yes, we will have to respond to it. However, it is not before us and it may never be before us. I deal with the Metro chairman on a very regular basis, as does my staff with the Metro staff.

Mr. Shymko: So you are telling me you are not ready, nor is this government, to make a public statement or a commitment that you are

opposed to an extension of Highway 400 through a residential area.

Hon. Mr. Fulton: We do not have that proposition from Metro. We are not building any highways into Metropolitan Toronto.

Mr. Shymko: If such a prospect were to exist, would you be opposed to it?

Hon. Mr. Fulton: That is a hypothetical question. Until Metro firmly deals with it, I am not going to meddle in the planning affairs of a duly elected municipality.

Mr. Shymko: Surely you have a philosophy on the development of a highway that destroys residential neighbourhoods. You must have some policy.

Hon. Mr. Fulton: We are not building any highways into Metropolitan Toronto or through Metropolitan Toronto, other than the 401.

Mr. Shymko: The province has been involved in providing the financing for such highways, at least Metro-owned highways.

Mr. Hobbs: Not highways; municipal roads. As the minister indicated, there have been no studies about putting a provincial highway into the municipality or through residential areas.

Mr. Shymko: However you define it. Let us say the extension of Spadina or the extension of Highway 400. If you do not call the 400 a highway, I do not know what you call it.

Hon. Mr. Fulton: Our position on Spadina is very clear. As I recall, I made it clear in response to your question.

Mr. Shymko: I wish I could have a clear response to Highway 400.

Hon. Mr. Fulton: It is a hypothetical issue. It is not before us. It has not been presented to us and it has never been discussed between any member on Metropolitan Toronto council and me.

Mr. Shymko: Does the minister not feel that it is now his responsibility to get involved in any resurrection of fears about extensions?

Hon. Mr. Fulton: There are many other issues before us revolving around and in Metropolitan Toronto that have to be resolved long before we approach that question.

Mr. Shymko: Thank you.

Mr. Villeneuve: I speak for about 19 rural municipalities in the far southeastern section of Ontario. I appreciate very much Mr. Hobbs having met with about one dozen of them during the Good Roads Convention in the spring. The main reason for our getting together with the

representatives of this ministry is to attempt to obtain some funding supplementary to budgets that all seem to be somewhat too small for the requirements.

I know the minister was very busy in a relatively new portfolio at that time. I appreciate that he took the time to come on a Sunday morning. There was a rumour that he was in Cornwall.

Hon. Mr. Fulton: I met with about 19 municipalities.

Mr. Villeneuve: I have a letter that I think should go into the record. It pertains to a particular county road. The government has gone out of its way to suggest that eastern Ontario possibly will receive more funding in all areas of government. I am not opposed to that in any way, shape or form. I am waiting with a great deal of eagerness for it to happen.

This letter is from Brian and Flora McIntosh, Williamsburg, Ontario. It says:

"I am writing to you concerning the road west of Winchester Springs, known as county road 5, that travels from Highway 31 to county road 2, especially the two and one half miles that is a dirt road. In the past, we have understood why this road was not paved or repaired. It was due to the flood area of the South Nation River, and nothing could be done until the problem was solved.

"Since 1984, with the completion of the South Nation dredging project, there is no longer a flood. Two new bridges were built at that time. What is the problem? Why isn't this road finished and paved? How would you like to have to keep your windows closed on hot summer days, dry your clothes in a dryer because there is no pavement and it is a very dusty, dirty road? Sitting outside is impossible. Yes, calcium is applied, but with the new bridges, more and more traffic, especially heavy, large trucks, are using this road.

"Throughout the townships there are numerous roads that are paved and not having nearly as much traffic as on this road. What is wrong with the United Counties and the government of Ontario that this road cannot be paved? Why can't people have a road that is suitable? That is why we are paying taxes, is it not? We work hard to get the money to pay our taxes from agriculture and think it is time to get a little recognition in return, don't you?"

I happen to agree. That is one of the reasons we meet with representatives of the ministry, to assist our municipalities to obtain some of the supplementary funding they require to repair roads such as these. I am warning the minister

that probably there will be some 20 municipalities looking for supplementary funding in early 1987. I certainly hope he will have some moneys for some of those municipalities in the southeast-ern section of the province.

With regard to Highway 401 in the Iroquois-Morrisburg area, particularly the eastbound lanes, there is a similar problem to that being repaired in the Belleville area. It is a very deeply rutted, dangerous road, and I hope the ministry is looking at it to give it priority. It is a heavily travelled road. As was mentioned in the budget, it is the gateway to and from the eastern part of Canada. It is the only artery people can use as a through artery and it has to be looked at quite seriously.

18:00

Hon. Mr. Fulton: I could not agree with you more on the importance and the condition of Highway 401. It is the major highway in Ontario. It links major parts of this country and links us directly to the US. Since we have been the government, we have addressed a number of major reconstruction projects. The highway is 25 to 30 years of age, and in some cases, the maturity has created severe maintenance problems. You have identified one in the Brighton-Trenton-Belleville area. Another major one is 22 kilometres between Tilbury and Windsor, which is currently being repaired.

I do not know precisely the piece of pavement to which you refer, but the staff are here and will make a note. I will be very surprised if it is not on our work list for this year; it certainly will be for next year. If it is half as serious as you suggest, there is no way we will allow our major highway to deteriorate. This is one of the major problems that has been brought to my attention. We have a \$20-billion infrastructure of inventory of roads, some of which are badly in need of maintenance and rehabilitation. We will address that.

In the matter of eastern Ontario in general, as you are well aware, I have spent a fair amount of time there physically inspecting many of the complaints your constituents brought to your attention. I have met not only with your 19 municipalities but also with probably 300 others across the province and I hear the same complaint from them.

The past year, through supplementaries, we have attempted to address specifically the provisions for equipment, which is job-intensive and allows the municipalities to do some of the maintenance repair work themselves. There has been specific attention to the bridges. I was appalled at the condition of a number of the bridges I saw on my tour of eastern Ontario. How they were ever allowed to deteriorate to that extent is beyond me. In this case, I am specifically addressing eastern Ontario.

We will probably hear from some 800 municipalities that we fund through supplementaries. They all have the same problem we have, a shortage of funds. There are many roads in your area that probably are candidates for paving. Specifically, the road your constituent brings to our attention may or may not have been within the county's works program. It may not necessarily be lack of funding from this government; it may have been lack of priority and/or funding on the part of the municipality.

We will explore this with our staff and address it as expeditiously as possible. If you have any other examples, I would like to hear about them.

Mr. Chairman: Before the honourable member has a further question, we are going to adjourn. We have exactly three hours left. There apparently is some conflict next week between the attendance of the deputy minister here or at the standing committee of public accounts. The latest word I have is that both are going to proceed at the same time. It will just have to be worked out. This is the word I get back from the whips. Mr. Hobbs can probably go whichever way he chooses. You might be left to carry it yourself.

Hon. Mr. Fulton: Does public accounts convene in the morning or afternoon?

Mr. Chairman: In the morning.

Hon. Mr. Fulton: Can you get us a walkie-talkie?

Mr. Chairman: We have three hours. The intention is to do two hours next Thursday morning and to finish in the afternoon.

The committee adjourned at 6:05 p.m.

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Witnesses:

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Hobbs, D. G., Deputy Minister
Johnston, G. H., Assistant Deputy Minister, Provincial/Municipal Transportation
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No. G-5

Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Transportation and Communications

Second Session, 33rd Parliament
Thursday, October 30, 1986
Morning Sitting

Speaker: Honourable H. A. Edighoffer
Clerk of the House: C. L. DesRosiers

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday, October 30, 1986

The committee met at 10:10 a.m. in room 228.

ESTIMATES, MINISTRY OF TRANSPORTATION AND COMMUNICATIONS (continued)

On vote 2601, ministry administration program; item 1, main office:

Mr. Chairman: We will continue with vote 2601 and the supplementaries.

Mr. Gregory: Our forces are somewhat diminished today because of a parallel meeting that is going on in the standing committee on public accounts. That is unfortunate, whether for you or for us, I do not know. In view of the last meeting we had, I still have a number of questions and I am not totally satisfied with some things. This was brought to light yesterday with some of the figures that were talked about in the House during question period, for which we did not get answers.

With regard to the Urban Transportation Development Corp. contract, I am interested in some of the figures for unknown payouts that are to be made by the province to Lavalin. We have some figures on which I would like your opinion. The long and the short of it is that at present all we have is that the sale of UTDC to Lavalin was made for a down payment of \$10 million plus a future payment of \$20 million, with no interest but subject to a percentage of before-tax profits, if any.

I am now interested in some of the payouts that were made at the time of closing or subsequently or that will be made in the near future. Perhaps you can help me with that if you have the figures. We have some things that we suspect were funds that were transferred, or will be as of October 31. Is it true that an amount of \$2,222,224 covering four months' management fee was exchanged at that time?

Hon. Mr. Fulton: Mr. Chairman, with great respect, while last week we acknowledged and agreed with our friend the member for Mississauga East (Mr. Gregory) to have a free-wheeling and open discussion on GO Transit, UTDC and any number of other matters, as the member will recall, we also agreed that the appropriate staff, who are the experts on UTDC, would be present.

There is a conflict this morning with this estimates process and the public accounts committee proceeding at the same time. The officials are down there answering, I suspect, similar questions. If the member wishes, he could pursue that line of questioning, or we can attempt to reschedule it, as we have previously agreed to the matters dealing with GO Transit and UTDC, acknowledging the willingness of this minister to have a free-wheeling discussion when the appropriate officials are present. We did agree to that.

Mr. Gregory: I appreciate that this is the first time you have had the opportunity to go through estimates. This is also the first time we as the opposition have had an opportunity to have at you in estimates. The ultimate responsibility for your ministry rests with you. The signature I see on the contract or the memorandum of agreement regarding the sale of UTDC is yours. To my nonaccountant's mind, this means you should be able to attempt to answer some of the questions and you should be aware of some of the costs. I would not want to think you were refusing to do that.

Hon. Mr. Fulton: Not at all.

Mr. Gregory: These are estimates. I hope you will at least make an attempt to address the questions. It was not my idea that the public accounts committee would choose to deal with this today, and it was certainly not my suggestion. The MTC estimates have been scheduled for some months. It is unfortunate, but I get only this one chance at it, so I am afraid you will have to accommodate me.

I made no agreement that we would deal with UTDC last week only. I believe that agreement was made to accommodate your staff members, so they would not have to be here on the day previous to that. That was agreed by both the New Democratic Party critic and me. I reserve the right to question you and I hope you will see the merit of that.

To go back to my question, is the amount of money paid to Lavalin as a management fee—I gave you a figure of \$2,222,224—substantially correct?

Hon. Mr. Fulton: I do not have the exact figure in front of me but the member will know, since he has the documents, that the management

fee is the same ongoing overhead that would be incurred, regardless of ownership, and is derived from the accounts receivable, if you like, of UTDC.

Mr. Gregory: If that were so and if we still maintained it, we would also be getting 100 per cent of the profits, would we not?

Hon. Mr. Fulton: Of course, we do not agree on what that 100 per cent of profit was.

Mr. Gregory: Any more than we agree on what the 25 per cent of profits in before-tax income is going to be.

Hon. Mr. Fulton: I think, though, we agree that Lavalin did not buy the company with the purpose of losing money on the sale.

Mr. Gregory: Minister, with the greatest respect, they did not buy the company at all; we gave it to them. It would have been cheaper had we done so. There were also overhead costs; I believe the figure for them is \$11 million.

Hon. Mr. Fulton: Again, I cannot confirm the figure. The overhead, of course, is an ongoing expense of any operating company, and that overhead is paid from the receivables of an ongoing company.

Mr. Gregory: You did sign the contract, did you not?

Hon. Mr. Fulton: Yes.

Mr. Gregory: You were there. You must have seen the exchange of cheques, money and commitments.

Hon. Mr. Fulton: I did not personally have the cheque in my hand.

Mr. Gregory: That is unfortunate for you. Did you happen to see, in passing, what amounts we were paying over to Lavalin? As the minister responsible, you should know that.

Hon. Mr. Fulton: The ongoing overhead cost is \$2.75 million a month, if memory serves me correctly.

Mr. Gregory: That is \$2.75 million a month for a four-month period, so we are fairly close, are we not?

Hon. Mr. Fulton: Fairly close.

Mr. Gregory: That is \$2.75 million a month times four, which is \$11 million. My accounting is not so bad after all. The \$11 million is correct. A deposit paid, plus the interest on it, was repaid to them. Are the figures of \$1 million for the deposit and \$66,488 for the interest correct?

Hon. Mr. Fulton: The \$1 million you refer to is the fee we ask any serious bidders to put forward to indicate to the owners, to the

government, that they are serious and have the financial capacity to carry through with the prospective bid and any subsequent purchase.

Mr. Gregory: In effect, whichever way you want to put it, they paid us \$10 million and we paid them \$1 million back or they paid \$9 million and we did not pay them back.

Hon. Mr. Fulton: No, we received \$10 million.

Mr. Gregory: We received \$10 million. Then we paid back the deposit of \$1,066,000. Is that correct?

Hon. Mr. Fulton: Yes.

Mr. Gregory: We pay an amount to Lavalin under the agreement for research and development. Can you verify the first year's payment of \$1.5 million?

Hon. Mr. Fulton: It has not been paid yet, but the member will be aware that R and D was an essential component and an ongoing expense of UTDC. One of the primary reasons for establishing UTDC was to develop Ontario's research in the mass transit field.

Mr. Gregory: If you are putting a value on future R and D, why was it, according to the figures that were given to us by Mr. Biddell, there was no payment made to us for research and development done? If it has a value in one area, why does it not in another area?

Hon. Mr. Fulton: That is included in the overall evaluation of the corporation.

Mr. Gregory: The fixed assets?

Hon. Mr. Fulton: The overall value of the corporation.

Mr. Gregory: We determined, according to Mr. Biddell's figures, that the overall value of the fixed assets was about \$28 million.

Hon. Mr. Fulton: Wood Gundy estimated about \$24 million.

10:20

Mr. Gregory: The difference between \$24 million and \$30 million is the \$6-million value you put on research and development then.

Hon. Mr. Fulton: I do not think the figures are specifically attributable.

Mr. Gregory: We can bandy the figures around all we want. What I want to know is whether the cost of the first year's payment, whether it is paid now or during the first year, for R and D from UTDC—from the government, effectively—to Lavalin is \$1.5 million.

Hon. Mr. Fulton: The precise dollar figure has not been established. It will be on the basis of

a negotiated settlement on each contract as it comes forward. I do not believe it will exceed the figure the corporation was previously expending on R and D.

Mr. Gregory: You must have an idea of what it is going to cost us for R and D. We do not sign a blank cheque and say we will give them a cheque for whatever their costs are for R and D. You must have some idea.

Hon. Mr. Fulton: I have forgotten the exact previous figure, but I believe it was in the area of \$2 million. Our commitment will not exceed \$1.5 million in any given year.

Mr. Gregory: Can we assume, for the sake of argument, that \$1.5 million is substantially correct? The figure we have for research and development for advanced light rail transit technology is \$1.9 million.

Hon. Mr. Fulton: That is correct.

Mr. Gregory: The figure we have for a buyout of Hawker Siddeley's 20 per cent of RailTrans is \$660,000.

Hon. Mr. Fulton: That is not the correct figure. Do you have the exact figure?

Mr. G. H. Johnston: I do not have the exact figure with me, but it was the purchase of the interest Hawker Siddeley had in the Can-Car plant and RailTrans, and there was a loan outstanding from the date of the original purchase by UTDC. The total value was approximately \$5 million. I believe there was about \$1.2 million in share value and about \$3.5 million on the loan.

Mr. Gregory: You are giving me a figure of exchange that is between the government and Hawker Siddeley. I am talking about 20 per cent interest in RailTrans. You say there is more than that.

Mr. G. H. Johnston: It was to place 100 per cent ownership of the UTDC in one body prior to the sale. That would be reflected in the value of the assets at the time of sale. The other alternative would be to sell off our interest, and then the new UTDC would purchase the outstanding interest of Hawker Siddeley.

Mr. Gregory: So it was also included in the \$30 million. The interest to us then is about \$3 million less, rather than the \$660,000 I am talking about it.

Mr. G. H. Johnston: Part of it would be in the books. It would be an obligation of the old corporation. The loan is there; it is in the account.

Mr. Gregory: How good a deal did we make? How much better off are we by having done this?

Whether or not it is a paper transfer of money, the net gain to the people of Ontario is shrinking by the minute. I hear a figure of an additional \$3 million that, in effect, we gave to Lavalin. Can you narrow down the buyout of Hawker Siddeley's 20 per cent of RailTrans? We will forget about this debt you paid off.

Mr. G. H. Johnston: The value of the shares was \$1.2 million. That is an approximate number. I do not have the exact number with me.

Mr. Gregory: It is \$1.2 million as opposed to the \$660,000 I mentioned. There was a \$9-million prepayment by GO Transit on the contract.

Mr. G. H. Johnston: Actually, an \$8-million prepayment was made. It is a deposit that is paid at the time of signing the contract. That is deemed to be a new contract and the property of UTDC Inc., the new UTDC. The revenues and all the responsibilities and costs for that contract are vested with the new corporation. That money does not belong to the old corporation. It is part of that contract.

Mr. Gregory: We still put money out, did we not?

Mr. G. H. Johnston: Yes.

Mr. Gregory: The government had to pay that.

Mr. G. H. Johnston: GO Transit paid it as its deposit for the contract, but that is to pay for the work to be done on that contract in the first period. It is really the new UTDC's money. It does not have anything to do with the old Urban Transportation Development Corp. Ltd.

Mr. Gregory: Okay, but it still comes off the net purchase price.

Mr. G. H. Johnston: No.

Mr. Gregory: It lessens the value to us of the purchase price. That one item alone virtually wipes out the \$10-million down payment, does it not?

Hon. Mr. Fulton: No. It would have had to have been paid out in either case.

Mr. Gregory: I am sorry.

Hon. Mr. Fulton: It is part of the purchase price, the 63 cars for the GO extension.

Mr. Gregory: It is part of the purchase price.

Hon. Mr. Fulton: Yes.

Mr. Gregory: It is part of the \$30 million.

Hon. Mr. Fulton: No. It is part of the purchase price of the 63 bilevel cars that would have had to have been paid for either way.

Mr. Gregory: The fact of the matter is that if we had not sold UTDC, we would not have to return that \$8 million.

Mr. G. H. Johnston: It never was ours to start with. It was paid to perform certain work activities and those work activities will be carried out by the new corporation. It was not included in the \$30 million to which you are referring.

Mr. Gregory: If we had not sold UTDC, we probably would have carried on that contract and the \$8 million would have been retained by UTDC.

Mr. G. H. Johnston: Yes, to perform the necessary work on that contract.

Mr. Gregory: Okay. It is a future consideration.

Mr. G. H. Johnston: That is right.

Mr. Gregory: It is still \$8 million.

Mr. Pouliot: To be named later.

Mr. Gregory: Yes, to be named later. Going over all the figures I have, that works out—the figure our leader used yesterday in a question to the minister was \$27,348,712 in total. From what you have told me, the \$660,000 for Hawker Siddeley's 20 per cent interest, plus whatever you had, is \$3 million as opposed to \$660,000. That is another \$2.34 million. Then the prepayment by GO Transit on the contract is \$8 million instead of \$9 million, so that is \$1 million less. We can probably increase the \$27,348,712 by \$1.34 million. What we got from Lavalin on the closing date on the contract you signed was \$10 million and what we gave back, not in cheque but in commitment, was \$28,687,000.

Hon. Mr. Fulton: I cannot quite follow your arithmetic, Mr. Gregory.

Mr. Gregory: I went over these items one by one and you substantiated them. We made corrections—

Mr. Sargent: You are the guys who spent the money. What are you talking about?

Mr. Gregory: You substantiated the items one by one. You made corrections in a couple of them and the total of what you have substantiated comes to \$28,687,112, I guess it is. Do you have those figures? My addition is not good. In effect, what I am putting to you is that for the \$10 million we presumably received we have given back or committed ourselves to, virtually immediately, some \$28 million.

Hon. Mr. Fulton: I do not accept that at all. You are having trouble with your arithmetic. You must realize how difficult it is for us sitting over here to follow it.

Mr. Gregory: All I am having trouble doing is adding these figures. I am quoting figures you have substantiated. If you want me to go over them again, I can and then you add them up. I am not sure I trust your addition or mathematics any more than mine on the basis of this deal.

10:30

Mr. Pouliot: On a point of order, Mr. Chairman: I am trying to follow the flow. It is quite obvious, vivid and distinct, to myself anyway, that Mr. Gregory has searched long and hard to come up with intelligent and direct questions. With respect, it is the kind of can of worms or—I feel polite this morning—ambiguity that demands the expertise you surround yourself with. This is wasting the committee's time.

Are we prepared to have Mr. Biddell here? The Toronto Star told us two days ago that in the closing moments, in the agonizing moments when the deal was finally arrived at, Mr. Hobbs was summoned to help tidy up the loose ends. We should get some straight answers because we are not here to get into a shouting match. It is a maze and a haze of mathematical confusion. The way it stands now, I am under the impression that this is socialism for the rich and free enterprise for the poor. I should make that kind of deal every day. Either the minister was embarrassed by the \$167 million plus spent by the previous administration and you thought it was better to give it away—

Hon. Mr. Fulton: I did not give it away, but I respect what you have said. I thought we had set the rules of the procedure as they applied to GO Transit and UTDC. I welcome your comments with everything in respect to that item.

Mr. Pouliot: Do you feel comfortable in proceeding or are we going to keep on playing games and exhaust the time that is allocated to us?

Hon. Mr. Fulton: Earlier this morning, I made the comment you just made. We had an understanding that the expert staff would be here to deal properly with matters related to UTDC.

Mr. Pouliot: I take it they are in the standing committee on public accounts.

Hon. Mr. Fulton: Apparently so.

Mr. Polsinelli: Mr. Chairman, on the same point of order: It is common practice that a minister has his officials with him when he goes through estimates. However, it is uncommon practice for two committees of the Legislature to be investigating exactly the same thing at the same time. Unfortunately, the ministry officials,

as competent as they may be, cannot divide themselves in half.

Without indicating to the committee how it should conduct its business, maybe the opposition party can get its act together and determine whether it wants UTDC dealt with by this committee or by the public accounts committee. It is unfair to the minister and to the ministry officials to conduct the same investigation in two committees. I also submit that it is unfair to the committee members, who may want to pursue other matters that are within the scope and mandate of the Ministry of Transportation and Communications, to hold up all the hours of estimates dealing with UTDC when the public accounts committee has decided to do the same thing.

Mr. Chairman: All that advice aside, Mr. Polsinelli, we tried last week. We knew this was coming up. Mr. Hobbs brought it to our attention. We went to the House leaders two or three times to try to get advice on whether we should cancel one committee or what we should do. The advice we got was that we were to proceed and that Mr. Hobbs would decide where it was he was going to go.

In fairness to the point Mr. Gregory makes, I know the point was made that it would be free-wheeling. While it is true that we try to be accommodating to the people from the Toronto Area Transit Operating Authority and UTDC in dealing with them at a specific time, the point was made a couple of times during the discussions that this did not necessarily mean the questions for TATO or UTDC were over. The option before the committee is to decide to adjourn at this point and come back next week or at a time when the public accounts committee is not considering UTDC or MTC matters.

Mr. Polsinelli: I understand that the Ministry of Transportation and Communications—

Mr. Gregory: Mr. Polsinelli has spoken twice on the point of order. Do I get in on it or not?

Mr. Chairman: Sure.

Mr. Gregory: I can appreciate the rather patronizing remarks made by Mr. Polsinelli. I very much resent instructions on how estimates hearings should be held from a gentleman who has not taken part in any estimates before. The minister knew well what estimates times were scheduled. He knows that the standing committee on general government sits on Thursday morning and afternoon of every week. These were the first estimates that were scheduled, so there was no shortage of notice. It is not my

problem if the standing committee on public accounts, in its wisdom, scheduled dealing with this at this time. I find it unfortunate. It is not only unfortunate for you, Minister, but it is even more unfortunate for the members of the opposition who have a right to the answers to these questions. We get only one shot a year at your estimates and this is it.

Hon. Mr. Fulton: I want to make it clear that there is no attempt on my part or anyone else's part not to provide you with information. The whole point of the exercise is to provide you with accurate information.

Mr. Polsinelli: Mr. Gregory, as a Metro member, I have some questions of the Minister of Transportation and Communications not relating to UTDC and this is my opportunity, the one time in the year when I get to question the ministry with respect to its Metro program. If Mr. Gregory's colleagues on the standing committee on public accounts cannot get their act together to determine when they will deal with this matter, perhaps he should take it up with his House leader and his colleagues on the public accounts committee who have decided to deal with the same matter at the same time.

Mr. Gregory: If the member for wherever, Mr. Polsinelli, does not have access to his minister through his own caucus, as I did when I was a member of the Conservative government, that is not my fault. Generally, estimates time is regarded as opposition time and he knows it.

Mr. Polsinelli: It is committee time.

Mr. Gregory: Any type of mounted question campaign on your part can be deemed and recognized by the members of the opposition to be simply stalling. Why do we not get on with it? We are talking about wasting time. Can we get back to the purpose of this meeting, which is the estimates?

My request was to get back to the questioning—

Mr. Chairman: I heard your question. As far as I am concerned, yes.

Mr. Polsinelli: I have one more question, Mr. Chairman.

Mr. Gregory: Talk about stonewalling.

Mr. Polsinelli: I accept that I am a new member of this committee and a new member of the Legislature, but in perusing the 1986-87 estimates, I do not see UTDC there. Perhaps Mr. Gregory can explain to me, as a point of explanation, how UTDC falls within the estimates of the ministry for 1986-87.

Mr. Gregory: Had the member taken the trouble to be here at the previous meetings, he

would have been here when we agreed that this was to be a rather free-wheeling discussion of all the responsibilities of the Minister of Transportation and Communications. At last blush this seemed to be one of them. Mr. Polsinelli, are you saying that the minister, whereas he has not shown a great deal of responsibility for UTDC, does have that responsibility?

Mr. Polsinelli: No. I am just asking as a point of clarification, as a new member of this committee, as a rookie member of the Legislature, how UTDC falls within the 1986-87 estimates. If you are telling me that you are not dealing strictly with the estimates, but rather are having a free-wheeling discussion with the minister on his responsibilities, I accept that the committee may have made that decision.

Mr. Chairman: That is right. Right at the start, we agreed to deal with UTDC and TATO and we had the people in at a specific time. The point was made that it would always be free-wheeling, that nobody was to be cut off because we had passed a vote or item. It is not mentioned specifically in here. I think it can be brought in under several headings, transportation studies, research and technology or whatever. There are quite a few items. I am sure there are some transfers of money from MTC to UTDC over the period.

Can we proceed? Mr. Brandt, is this a question or a point of order?

Mr. Brandt: I have a quick point of information. I believe there are some members in addition to myself who are here for the specific purpose of raising relatively brief questions with the minister. In terms of your agenda and the scheduling of how you intend to proceed, I was wondering how we might be best able to utilize the minister's time and our own time in getting those questions on the record. In my case, it is not a significant, time-consuming series of questions, but I have some that I want to put on the record to get the minister's response.

Mr. Chairman: I guess fewer points of order and more questions would be the way to do it.

10:40

Mr. Brandt: I am looking to the chair for some guidance. If you tell me to come back, I will do that.

Mr. Chairman: It would be nice to have you back.

Mr. Brandt: When?

Mr. Chairman: Just to let the members know, the minister had asked previously not to sit this afternoon. He now wishes to sit this

afternoon to finish the estimates of the Ministry of Transportation and Communications. I presume the committee will sit until about five minutes to 12 and after question period until the estimates are finished.

Mr. Sheppard: I will be back at 3:30 p.m. to ask my two or three questions.

Mr. J. M. Johnson: I have the same request to make.

Mr. Chairman: Okay; Mr. Gregory.

Mr. Gregory: Thank you, Mr. Chairman. I note that we lost about 15 minutes because of jockeying for position by the Liberal members, but we will try to get on with it.

Interjection.

Mr. Chairman: Please continue.

Mr. Gregory: I struck a nerve.

Mr. Fontaine: Speak for yourself.

Mr. Gregory: There are some ongoing costs with the sale that I would like to know something about. I recognize you are not going to have the figures here but I request that you take note of the questions.

Hon. Mr. Fulton: I am sorry but I did not catch the question.

Mr. Gregory: Were you getting your instructions or was he getting his?

Hon. Mr. Fulton: He was asking a question.

Mr. Gregory: There are some figures I would like to have. Perhaps you can take note of the questions and get back to me as quickly as possible with them. We would like to have some idea of the ongoing costs of the sale; for example, all labour costs, materials, services, insurance and freight for the seven existing contracts that are outstanding now.

Hon. Mr. Fulton: Seven?

Mr. Gregory: I think you know the seven I am talking about. We would like to have an idea of what the ongoing costs are for these. We would like all costs associated with the Hawker Siddeley PCC rehabilitation contracts.

Hon. Mr. Fulton: PCC?

Mr. Gregory: I am sure a member of your staff knows what that is. I believe what we are talking about—we have a figure of about \$500,000 on that.

Hon. Mr. Fulton: That PCC was one car only; it was about \$400,000.

Mr. Gregory: About \$400,000. At any rate, will you get back to me when you double-check that?

We would like all costs for the 17 retained leases, office and equipment. I understand there are 17 retained leases plus there are some one-time payments that we are interested in. There are all the amounts expended between July 14 and September 17 on the Mexico contract; all severance termination payments for the 71 employees not transferred to the new UTDC Corp.; the 150,000 shares of the new UTDC Corp. that it was mandatory we purchase, and the repayment of Ontario retail sales tax on the sale. I understand there was no retail sales tax on the sale. That is a loss to the provincial government, is it not?

We would like the repayment for any fixed assets sold between July 14 and September 17 and all costs to fix Thunder Bay sewers. I understand it was part of the contract that the sewers in Thunder Bay had to be repaired. We would be very interested in all of those as soon as possible.

Hon. Mr. Fulton: We will happy to get that information for you.

Mr. Gregory: I want to comment at this juncture, and I think it is a good time: Last week I requested that you table some materials you brought with you and took away. Probably there was a mixup there. I expect you understood it was for me to take them. Generally, when you table things, the clerk takes them so that you got them back—

Hon. Mr. Fulton: I do not even know who the clerk is here; perhaps you would like to extend that courtesy. I did leave them here.

Mr. Gregory: I understand that, sir. I understand you then took them with you because nobody had grabbed them. I do not know. It does not matter. I just wanted to clarify that I was not ignoring them. I was of the understanding that the clerk would take them.

The one thing that was not there was the memorandum of agreement, which we have received since.

Hon. Mr. Fulton: We can round up that material once again.

I just met the clerk.

Mr. Gregory: I just wanted to clear that up so you did not think I was ignoring the material or leaving it there after I asked for it. I understood that it would go to the clerk rather than to me directly.

Last Thursday in the estimates, when Mr. Biddell was here, he stated that the province was expecting to take a large loss on completing the

existing contracts. Do you know what the exact estimated loss is at this point?

Hon. Mr. Fulton: No, we do not. I think the value of the business is \$360 million or \$380 million; I could not give you the exact figure of any anticipated loss.

Mr. Gregory: I think you heard Mr. Biddell say that they are expecting a loss.

Hon. Mr. Fulton: I did not hear him say that. I am just telling you that the uncompleted contracts, the accounts receivable if you like, are \$360 million or \$380 million.

Mr. Gregory: Less any losses that occur.

Hon. Mr. Fulton: If any losses occur.

Mr. Gregory: Do you think you could perhaps discuss this with Mr. Biddell? Maybe he has additional information on that.

Hon. Mr. Fulton: Sure. I would be happy to.

Mr. Gregory: When you closed the deal—I touched on this before, and I would like to get a little closer to it—part of the contract was a reimbursement to Lavalin for all Ontario retail sales tax applicable on the sale. Do you have any figure on that?

Hon. Mr. Fulton: No, I do not have that with me.

Mr. Gregory: Would that be regular sales tax on the total \$30-million sale or what?

Hon. Mr. Fulton: I do not think it would. It would be only on any tangible goods. I would not think it would be on any goodwill component. It would be only on real materials.

Mr. Gregory: I believe I heard a figure of \$24 million or \$26 million of real fixed assets from Mr. Biddell, so the retail sales tax would apply to them.

Hon. Mr. Fulton: Not necessarily to all of them, but I would want to get a breakdown before I commented in any official way.

Mr. Gregory: Our studies tell us that total value for the project and fixed assets comes closer to \$31 million, as opposed to the \$24 million that Mr. Biddell was talking about. Has that actually been broken down?

Hon. Mr. Fulton: They did not purchase the inventory. If you are talking about the value of the assets, the valuation by Wood Gundy was about \$24 million.

Mr. Gregory: That is in total, including fixed assets, inventory, everything. I am saying that we calculate that as being closer to \$31 million.

Hon. Mr. Fulton: They did not purchase the inventory.

Mr. Gregory: They did not purchase the inventory. Did we give it to them?

Hon. Mr. Fulton: No. I expect the inventory is being used to clean up the balance of the seven contracts.

Mr. Gregory: There is a report floating around which has not really been given to us but which was given to the Premier (Mr. Peterson) last fall. I believe it was something called, A Report for the Government of Ontario on the Future of UTDC. It was given to the Premier last fall. It has not been made public. Have you ever heard of it?

Hon. Mr. Fulton: I do not instantly recall it.

Mr. Gregory: Has your assistant deputy heard of it? You are not aware of that report?

Mr. G. H. Johnston: No.

Mr. Gregory: Could you think about that and make sure you have not heard about it?

Hon. Mr. Fulton: Sure. How long do you want me to think about it?

Mr. Gregory: As long as it takes for you to remember whether there is a report available.

10:50

Hon. Mr. Fulton: It must be that confidential that it was not passed around.

Mr. Gregory: If it is that confidential, that is all the more reason we should be interested in it. It is probably as close as Mr. Kruger or the the Premier. There is even a title, as I mentioned: A Report to the Government of Ontario on the Future of UTDC.

Hon. Mr. Fulton: Having gone that far, who authored the report?

Mr. Gregory: I have no idea, sir; I have not seen it. That is why I am asking for it. Maybe it is somewhere in the archives of the Ministry of Transportation and Communications, the Premier's office or somewhere.

It is a report that was not tabled in the House. I would expect that somewhere out there, there is a report. We as members of the official opposition would very much like to see that; I am quite sure the third party would like to see it too. It is a report that makes recommendations, I understand. The thought of suddenly getting rid of the Urban Transportation Development Corp. was a little more than just a vision on somebody's part. It had to be based on something, and perhaps this report will throw some light on that.

Hon. Mr. Fulton: I appreciate your bringing that matter to our attention, but neither the assistant deputy minister nor I have seen it. We

will certainly take your inquiry under advisement and attempt to track it down.

Mr. Gregory: You will make every effort to come up with this report?

Hon. Mr. Fulton: Absolutely.

Mr. Gregory: May I check with you this afternoon on that?

Hon. Mr. Fulton: You can check with me. Between here and there is not going to give us a lot of time, and I do not have the key to the Premier's office.

Mr. Brandt: I had one, but I lost it.

Mr. Gregory: It seems that when there is a report like that floating around and you, as the Minister of Transportation and Communications, with a direct responsibility for UTDC, say you know nothing about the report and your assistant deputy minister knows nothing about the report, what the hell is going on here? Somebody must know something about this report.

Hon. Mr. Fulton: I do not know how long you have known of the report, but perhaps you should have brought it to our attention sooner.

Mr. Gregory: I guess we live in the hope that this new, open government is going to divulge things like this, that we should not have to be prying in estimates. It should have come out when the sale of UTDC was announced, as a basis for selling the thing. I do not know why, if we are going to take the position that the only time you are going to divulge anything—

Hon. Mr. Fulton: We are not taking any attitude. You are referring constantly to a report. We have acknowledged twice that we did not know about its existence until now. I have said that I will track it down. If and when we locate it, I will provide you with a copy of it.

Mr. Gregory: That will be great. I would certainly appreciate that. It would make my life a lot easier, and probably yours in question period.

Hon. Mr. Fulton: I will wrap it in a bright red ribbon for you.

Mr. Gregory: Again, in the new, open government, I am sure you will not have any trouble.

On the severance or termination payments to employees not retained by UTDC, Mr. Biddell stated last Thursday that 71 employees were not retained. I would imagine there was some severance pay, termination pay or holiday pay. I expect Mr. Foley was a part of these calculations. Can you come up with any figure on what the actual cost is?

Hon. Mr. Fulton: We can give it to you. Not all 71 were terminated. You will appreciate that some did leave voluntarily.

Mr. Gregory: When they leave voluntarily, are they—

Hon. Mr. Fulton: We will get you the figures, as we indicated we would.

Mr. Gregory: Those who leave voluntarily would still get some kind of payment—holiday pay or whatever?

Hon. Mr. Fulton: Any kind of accrued benefit in that sense, yes.

Mr. Gregory: We would like to have an idea of what—

Hon. Mr. Fulton: There may be some pension dollars as well.

Mr. Gregory: We feel that the figure is somewhere between \$5 million and \$8 million.

Hon. Mr. Fulton: I am certain it is considerably less than that. Again, we will give you the detailed information.

Mr. Gregory: Have you any figure on the costs that were involved to rectify the problems with the sewers at Thunder Bay?

Hon. Mr. Fulton: No, I do not. Do you? I am advised it is about \$300,000.

Mr. Gregory: About \$300,000, which again came off the top before we got the purchase price. Is that right?

Hon. Mr. Fulton: It may have been a requirement by the city of Thunder Bay.

Mr. Gregory: But it would still have to be paid by UTDC or by the government.

Hon. Mr. Fulton: It was certainly paid from somebody's account, but I will get you the precise answer.

Mr. Gregory: On that basis, it comes out of the \$30 million we get for it. If I sell my house for \$100,000, and as part of the sale I have to put on a new roof for \$5,000, my net is \$95,000.

Hon. Mr. Fulton: I understand that simple arithmetic, but before I say yes to your answer, there may very well have been a reserve account for building maintenance, or there could have been funds from any number of places. It could have been through an impost account, or there could have been matching funds from the city of Thunder Bay, but I do not know that.

Mr. Gregory: What about the unfunded liability of pension funds? I understand that this was part of the contract, that the government would be responsible for any unfunded liability on pension funds.

Mr. G. H. Johnston: There were a number of pension plans involved at the time of the termination. The ones that were with the management employees were terminated. Those plans were in a net surplus position, and the proceeds from those plans, including the surpluses, were distributed back to the employees. None was retained.

The two union plans, in aggregate, were in surplus as well, considerably in surplus. One was around \$2 million in surplus and the other was a couple of hundred thousand dollars underfunded. They are looking at ways now of matching that off. That is in the sale document that you now have.

Mr. Gregory: For all intents and purposes, there is no unfunded liability; there is no responsibility.

Mr. G. H. Johnston: That is right.

Mr. Gregory: That is good. That is a plus.

Mr. G. H. Johnston: The union passed these over as they were.

Mr. Gregory: Have you any idea of the costs to ensure the requirements of section 49 of the Planning Act? Do you have any information on that?

Mr. G. H. Johnston: There was no requirement that we are aware of under that clause. It was just a standard clause in a contract document. It really had no implication at all in the sale.

Mr. Gregory: There was no cost at all in that one. Things are looking better. There was no cost in the last two items. That is great.

On Hawker Siddeley, is it correct that we had to reimburse Lavalin for all payments received from Hawker Siddeley?

Mr. G. H. Johnston: When UTDC Ltd. purchased Hawker Siddeley, there was an agreement that if any of the equipment supplied by Hawker Siddeley prior to the sale had to have some retrofit work done, UTDC Ltd. would do it and then would recover the money from Hawker Siddeley. In this sale, that responsibility has been passed on to the new UTDC. It will take on the responsibility for that, but the money is recovered from Hawker Siddeley, not from the province. That would be money for any work that has to be done on contracts dated prior to the sale. It is not a cost to the province or to the old UTDC.

Mr. Gregory: On the Mexican contract, we would pay to Lavalin any direct costs for the Mexican contract that occurred between July 14 and September 17.

Mr. G. H. Johnston: Yes. The Mexican contract has been terminated. It no longer exists. It was wrapped up prior to the sale and prior to September 17. That is a thing of the past; it was completed.

Mr. Gregory: There are some other items that apparently the province will have to pay for, according to the contract. First would be any bonding and guarantees for the GO Transit and Via Rail projects. Is that correct?

Mr. G. H. Johnston: There are no bonding requirements for the GO project.

Mr. Gregory: Is there any self-insurance requirement on our part?

Mr. G. H. Johnston: I cannot answer that. I would have to check with Mr. Biddell on that.

Mr. Gregory: If there are any losses, who is responsible?

Mr. G. H. Johnston: The responsibility to carry out the work on that contract lies with the new corporation.

Mr. Gregory: We are not required to reimburse?

Mr. G. H. Johnston: Bonding is simply to bring in another manufacturer in the event the company goes into default and cannot complete its work.

Mr. Gregory: Under the contract it says, "The existing UTDC covenants and agrees to provide such contract of indemnity as is required in respect of the bonding requirements of new UTDC under the GO Transit project and the Via project."

11:00

Mr. G. H. Johnston: It was decided that there was no requirement for bonding on the GO project.

Mr. Gregory: Is that not part of the agreement?

Mr. G. H. Johnston: Yes, but the bonding requirements are established by the purchaser.

Mr. Gregory: This is a clause right out of the memorandum of agreement that was signed. I do not see anything on here that says it is cancelled.

Hon. Mr. Fulton: It was subsequently decided that bonding was not needed on the GO order.

Mr. Gregory: Perhaps we do not have the right memorandum of understanding. We have one that was signed, but there is no change, nothing initialled on here saying that item is out.

Mr. G. H. Johnston: If bonding had been required, that clause stated that it would be the responsibility of the province to provide that

bonding; but for the GO project, it was decided that bonding was not necessary, so that clause was never exercised. The Via contract, as you know, is still under active consideration within the federal government. Again, if bonding is required, the province has retained the responsibility for providing the bonds on whatever that contract is.

Mr. Gregory: On Via?

Mr. G. H. Johnston: Yes, for our share of that contract.

Mr. Gregory: If Via requires bonding, which is yet to be determined, then we will pick up the responsibility for that, according to this clause.

Mr. G. H. Johnston: You will also notice in that second clause and within the sale document itself that there is a cross-indemnification by Lavalin that corporately it will reimburse the provinces for any claims that are made against the provinces under those bonds. The corporate body—not just the new UTDC, but the entire Lavalin enterprise—has provided insurance to the province that it will reimburse us for any costs we incur under that bond to the Via project. We have protections.

Mr. Gregory: Presumably, there should not be any net cost to the province at all—

Mr. G. H. Johnston: There should not be, sir, no.

Mr. Gregory: —on any kind of liability basis.

Mr. G. H. Johnston: That is right.

Mr. Gregory: What about any compensation to Lavalin if the Via Rail project is reduced in scope or does not proceed?

Mr. G. H. Johnston: There was a provision in the contract document that in the event that order is not placed by September 15, 1987, I believe it is, we would sit down with them to assess the implications of the failure of that to materialize and see what, if any, adjustments we necessary. However, there were no commitments to do anything other than to sit down and try to come to an equitable arrangement.

Hon. Mr. Fulton: It relates to their production capacity. There is an assumption in there about downtime, but if they are busy and booked, that can come down to zero.

Mr. Gregory: If the negotiations were no better than the ones in the past have been, it will cost us an arm and a leg if that contract does not go through. There could be a potential cost or a loss of the \$30-million purchase price. In other words, the \$30-million purchase price could be

reduced if that contract does not go through or is reduced. That is a possibility.

Mr. G. H. Johnston: It is virtually impossible at this time to say whether there would be any impact. It is based on the documentation, which I believe you have, that talks about what they have in the plant at that time, the value of work they have received through province-supported activities in the interim period and a number of things. I could not speculate on whether there would be any implications.

Mr. Gregory: But you would not speculate that there would not be, either.

Mr. G. H. Johnston: I could not comment on that.

Mr. Gregory: We are talking about two figures, as far as I am concerned. There is a \$10-million down payment and there is a \$20-million further payment in 10 years with no interest, with a possible 25 per cent share of the before-tax profits, if any. Some of the creative accounting that was done in negotiating this deal would lead me to think that the possibility of no profits is very real.

There are two things, of course. There has to be a profit and there has to be the guarantee that there will be no income tax—in other words, there will be an income tax exemption, a corporation tax exemption or whatever.

On the one hand, we have a 25 per cent profit, a 25 per cent interest on the before-tax profit if that is exempted from tax. In other words, if we can get the government to give up the taxes, then it will be kind enough to pay us the 25 per cent interest with what it saves on taxes. When we have that balancing off, whichever way we get it, the net to us is nothing. If we get it in the 25 per cent interest on profit, we lose it in the taxes.

In my mind, we have to talk about the \$30 million. Any additional costs that come up from time to time have to be taken away from that \$30 million, because there is nothing else. With regard to that \$30 million, we get \$10 million down and, apparently, we will pay out something like \$27 million to get it. That is good business. Again, I can appreciate why Lavalin is so successful. It paid us \$10 million and we will lose \$27 million. We may or may not get 25 per cent interest on the profits if it is not taken for taxes, in which case we get them anyway.

Mr. Pouliot: It is the deal of the century. This is where the deal comes in, with new liabilities on existing contracts.

Mr. Gregory: Can we be assured that the same people will not negotiate the sale of Minaki Lodge?

Mr. Pouliot: Look for a demolition contract on that.

Mr. Gregory: There seems to be a bit of a discrepancy here on the values. As far as we can determine, the value of assets and inventory of UTDC Ltd. is listed as \$27,431,000. There is an additional item of \$3,813,547. The grand total is \$31,244,547. That seems to be the value. Mr. Biddell mentioned that his estimate of UTDC's assets was \$26 million or \$24 million. We seem to have a difference here.

You will remember the little byplay we had that if we are getting \$30 million and the fixed assets are worth \$24 million, there is a difference of approximately \$6 million, which is presumably for everything else, research and development, or whatever. Is that fairly accurate?

Mr. Hobbs: The issue here in terms of the various valuations is whether you are talking about valuing an ongoing company or the assets. The Wood Gundy evaluation dealt with the circumstances as an ongoing business that one would sell on the basis of something that related to book value, share value or what have you. We sold the assets and we feel the physical assets' value of \$26 million or \$27 million is accurate. We cannot come up with a final figure because some of those things that may have been sold or dealt with during the period from July to closing are now being determined.

Mr. Gregory: It does not seem to me that we can have it two ways. You are saying Lavalin purchased the assets of UTDC Ltd. Apparently, there is very little else and there is not enough money involved to have taken anything else. I think you just said Lavalin purchased the assets.

Mr. Hobbs: The assets and the technology.

Mr. Gregory: Lavalin purchased the technology?

Mr. Hobbs: Yes. If you recall, that is the issue we got into the other day about the difficulty of valuing a technology that is in the course of development.

Mr. Gregory: All right. That is based on the \$24 million, and you are saying the \$6 million purchased the technology.

Mr. Hobbs: No. I did not put any figure on the technology.

Mr. Gregory: Mr. Biddell did. Do you recall his figure of \$24 million?

Mr. Hobbs: Yes.

Mr. Gregory: What would your figure be?

Mr. Hobbs: The same as Mr. Biddell's.

Mr. Gregory: You do recall and you do agree with the \$24 million. The figure I am throwing at you for assets and inventory totals \$31 million.

11:10

Mr. Hobbs: That includes the inventory. We did not sell them the inventory. We kept it in order to complete the contracts.

Mr. Gregory: How much is the inventory?

Mr. Hobbs: That is where you are getting the \$6 million or \$7 million.

Mr. Gregory: You told me that was for research and development.

Mr. Hobbs: No. I did not put any figure on it. The \$31 million includes the inventory. When you are talking about the \$24 million, you are talking about the assets and technology.

Mr. Gregory: Oh, the \$24 million was assets and technology.

Mr. Hobbs: When we are selling the assets, they include the technology.

Mr. Gregory: It includes the technology? In other words, the assets themselves without the technology are worth substantially less in the purchase? If we can grab a figure for technology—I do not know what that is—apparently, it is not worth anything unless we are paying them. We are paying them about \$1.5 million for research and development, which is in effect technology. Right?

Mr. Hobbs: No. The \$1.5 million is a simple continuation. As a ministry, we have been spending as part of our research and development program that much money on urban transit technology development during the past few years. Roughly that amount was spent in terms of research projects we entered into jointly with the old UTDC. That has been under way for a number of years. All we are proposing to do in the interest of continuing to utilize the capabilities of Lavalin and the new UTDC is to continue the government's involvement and its interest in developing transit technology in Ontario. We are simply confirming we will continue to provide funds out of our program, which has been in existence for several years, for the joint development of transit technology in Ontario. There is nothing new.

Mr. Gregory: The only thing new are the variable figures we hear from time to time.

Mr. Hobbs: The \$1.5 million is pretty accurate. The rider on the \$1.5 million is that we will not simply be pumping into UTDC money it can utilize. The government will determine where those technology funds are utilized.

Mr. Gregory: Has the 10-year debenture been signed yet?

Mr. Hobbs: It is very close to signature.

Mr. Gregory: How close?

Mr. Hobbs: I think, as Mr. Biddell indicated at the most recent meeting, the final discussions and negotiations with the federal Department of National Revenue are now taking place.

Mr. Gregory: Have you any kind of a commitment at present that it will be tax-free.

Mr. Hobbs: We have an initial indication that this will be the case.

Mr. Gregory: What would the tax be on a \$20-million debenture, if it were taxable?

Mr. Hobbs: I personally do not have any idea. Mr. Biddell, as you are aware, is down in the standing committee on public accounts, answering similar questions.

Mr. Gregory: I bet he is or is discussing it with them. I do not know whether he had any answers a week ago. We had some lessons on rather creative accounting last week.

Mr. Hobbs: I think you have to acknowledge it is a complex commercial arrangement.

Mr. Gregory: In my mind, it has been a complex commercial boondoggle so far. It appears, and again I have to go back to my statement of a week ago, when I was talking to Mr. Biddell, that from an accounting standpoint this may look very good. When I tell my taxpayers we are getting \$30 million, I have to say: "Wait a minute. We are getting only \$10 million now and we are going to get \$20 million later, in 10 years, but no interest, with a share in the profits, if any, of after-tax."

Mr. Hobbs: Plus 25 per cent of the pretax profits and 15 per cent of post-tax profits.

Mr. Gregory: If there is no tax, we get the 15 per cent on the whole shot.

Mr. Hobbs: Sorry. If there is no tax?

Mr. Gregory: Yes.

Mr. Hobbs: I do not understand the point.

Mr. Gregory: Perhaps we are talking about two different taxes.

Again, in talking to my ratepayers, we are talking a \$10-million down payment, \$20 million in 10 years with no interest but a share of possible profits, if any. Unfortunately, to get the \$10 million, we have to commit now, immediately, or in the very near future, very close to \$27 million in all these little gismos we talked about earlier. The minister verified the figures I gave him. It comes to \$27 million or \$28 million.

Mr. Hobbs: Mr. Gregory, in terms of the management fee, the overheads and what have you, you commit to a contract that those payments will be paid out over time. The other side of the ledger is that there are revenues attached to the contract that will be received. The ongoing overheads, for example, are overheads to complete those contracts and would have remained with the UTDC if the government had chosen not to sell UTDC.

Mr. Gregory: Yes. We also get 100 per cent of the profits.

Mr. Hobbs: And all the future risk—

Mr. Gregory: All the future risk; that is right.

Mr. Hobbs: —in terms of the bonding, as we went through last week.

Mr. Gregory: You seem to be of the mind that the only future risk would be if the government maintained it. If there is future risk, surely it will apply with Lavalin owning it too. Is this not going to cut down on any profits we might potentially make?

Mr. Hobbs: No. I believe we indicated particularly that in putting UTDC's technology and Lavalin's civil engineering expertise together, we feel, in terms of the state of development of UTDC, that the marriage of those two types of expertise and experience will take UTDC into a different arena and will be more successful than sticking with technology and having to purchase civil works in terms of other companies in other countries.

Mr. Pouliot: That is purely hypothetical. The future will tell us that.

Mr. Hobbs: The future will tell us, but I believe we have to take a look as well at how successful—

Mr. Pouliot: They are getting rid of an embarrassment. I agree with that. The thing is, do not tell us they sold it when actually they are paying so someone can take it off their hands. There is more than—

Mr. Gregory: I have to agree with what Mr. Pouliot is driving at. It would have been cheaper if the Premier had announced in the House that we will pay Lavalin \$10 million to take this off our hands. Had he done that, it would have been honest and we would not be faced with all these additional costs we will get. The full story will not be told on this for 10 years. I hope somebody is around and can go back and look at what the total cost was on this boondoggle.

Hon. Mr. Fulton: They are not additional costs, Mr. Gregory; they are the ongoing overhead of any operating company.

Mr. Gregory: I have a very simple mathematical mind and a simple accounting mind, but I know damned well what the taxpayer has to pay to this province.

Hon. Mr. Fulton: Then you will also know what the taxpayer has previously invested in UTDC.

Mr. Gregory: I absolutely do. You do not make investments that were deemed necessary at the time. This government talks enough about research and development. They are putting money into research and development. It was not only the previous government that did this. They are coming up with new studies all the time and new ways to send money out to the boonies, perhaps to get votes more than anything else. Do not try to point out that all the fault here was due to the Conservative government. It was done on the basis that the thing would be a money-maker.

Hon. Mr. Fulton: I never mentioned the previous government for a moment.

Mr. Gregory: I believe that is the gist of your remark. The fact of the matter is that the previous government, recognizing that it cost money for this project in years past, knew it would come to fruition. You guys did not hang around long enough. Because somebody said, "We will divest ourselves of everything," you have actually paid in the millions to get this out of the taxpayers' hands. That will not sit too well with taxpayers. When they want to sell something for \$100, they expect to get \$100 for it. In effect, it is the equivalent of my selling my house for \$100,000 and ending up having to pay somebody \$25,000 to take it off my hands. That is what you have done.

11:20

Hon. Mr. Fulton: No. I do not agree with you at all.

Mr. Gregory: Obviously you do not agree with me, and you do not have to agree with me, sir. The taxpayers are the ones you will have to answer to for that.

Mr. Hobbs: Some of the points put out here that appear to be extra costs and that type of thing are similar to situations you would run into if you were selling a house. In reimbursing Lavalin for any overbilling and prepayments received prior to closing date, point 6 deals precisely with the analogy of a house in terms of an adjustment for what has been paid in taxes, hydro, telephone and that type of thing. The amount is unknown but it is a normal commercial adjustment that takes place. It is not an extra cost.

Mr. Gregory: You are quite right, Mr. Hobbs, but in any house purchase there are disbursements. I know that. I just bought a property.

Mr. Hobbs: I just bought a cottage, so I know exactly what you are talking about.

Mr. Gregory: Yes. I know there are disbursements. There are land transfer taxes, legal fees, payment for a tank of oil, all kinds of things. I know that; but the total of those disbursements on my part was a hell of a lot lower than virtually 100 per cent of the selling price of the house.

You guys have sold it away and you have given away more than you have got from the thing. There is a difference.

The Acting Chairman (Mr. Guindon): Mr. Brandt has a supplementary.

Mr. Brandt: It is on the same point. I share some of the concerns of my colleague Mr. Gregory as they relate to the philosophy behind the sale and particularly the future impact this will have on Ontario. It is recognized that Ontario has consistently been a leader in transportation. As the minister, the deputy and others in the department are well aware, we have won many awards, as a result perhaps of taking some bold steps and some initiatives. The Urban Transportation Development Corp. was one of those.

By and large, in order to be successful in bidding for many of the major contracts—and there are only a limited number of them that one can bid on as they relate to UTDC's activities in the world market—governments require the full, complete and total support of a government, rather than a single company, behind the bidding process.

Take a look at the major half-dozen contracts that have occurred in the last while, whether with Detroit, Los Angeles, Singapore or Hong Kong—the limited number of those that are available in the world in order to go after new business. My concern is that not only have we spent a lot of money developing technology where we might have been effective in bidding—and were successful in bidding on some of those deals—but in addition, I feel that Ontario will suffer as a result of the shift to the private sector from a government-owned corporation. You do not have the support of a government behind the bid. The minister might want to indicate whether he thinks that is the case or whether he does not share my concern. From having some knowledge of how successful bids were handled in the past, I think my concerns are valid.

Hon. Mr. Fulton: I understand your concern. We have recognized that. Lavalin was probably the absolutely best choice of a purchaser. It is a worldwide, recognized firm. It has offices in 27 countries and does business in 56 countries around the world, in the very markets you are talking about generally, and we have retained ownership. The government is now a shareholder—albeit a minor one—in an arrangement with Lavalin. That is recognized by those potential customers.

We understand what you are talking about with respect to Singapore, Hong Kong or the People's Republic of China, wherever you want to participate, where those countries generally want to do business with the government. I do not think that has changed a great deal.

Mr. Brandt: I have some concerns that were well documented by my colleague as they relate to the asset-liability flow of UTDC in this transaction. It would appear, and I think my colleague has made a very substantial case for this argument, that we have carried forward the burden of the liabilities of the corporation—and every corporation has its liabilities—on the backs of the Ontario taxpayer, with very few of the assets. In other words, as you go through the scenario in which we had a walk-through with Mr. Gregory a few moments ago, there is very little likelihood that there will be any substantial profit on the sale of this corporation at some point a decade into the future.

It would appear that most of those profits will be balanced off against tax giveaways. The major benefit will go to a private corporation as opposed to the province as a whole, which could have had control of it, in some respects, to allow us not only to bid more effectively but also to take advantage of the very difficult period we had in developing this corporation when it had to compete worldwide with leading-edge technology against major competitors in West Germany, Japan and other countries that are leaders in this field. We were rubbing elbows with those people in a very competitive way. Let me say at the outset that I have no philosophical hangup about privatization. That is not my concern.

My concern is that we dumped a government asset into the private sector just at a time when there was going to be an appreciable substantial profit in that corporation, one that was predictable on the basis of what was evolving in the world market and what was evolving in terms of technology with UTDC and the direction in which the corporation was going. It looked like

the better days were ahead and just at that time we cut off the corporation and set it free.

I question the decision to do that, because of the sensitive timing of this whole matter. I would hate to ask members of the department for their personal opinion with respect to this issue, because I know there is a big debate on whether the decision was a correct one under the circumstances that were very clearly identified by Mr. Gregory in his walk-through of what is likely to happen.

I envisage a couple of things happening.

Mr. Gregory: Could I interrupt you for a moment? Mr. Chairman, I have to go upstairs to the House and I still have the floor. Could I yield to your list whenever Mr. Brandt is finished?

The Acting Chairman: I think it would be only fair.

Mr. Brandt: I can finish this and move to questions. My colleague Mr. Sheppard has questions as well. Mr. Johnson has questions.

Mr. Pouliot: It is quite a witchhunt.

Mr. Brandt: To complete what I was about to say, I can envisage in the future a very limited return of any real appreciable profits to the province and the taxpayers of Ontario as a result of the way this complicated transaction has been handled. That concerns me.

On the other hand, I hope and trust there may be some increase in business as a result of the marketing arms of Lavalin being effective in that respect and I truly hope that will happen. I hope the increase in business will offset some of the other losses. If that occurs, then I rest my case, but I have some concerns about the return of profits to the Ontario government and to the people we represent.

Hon. Mr. Fulton: The point most worth responding to is that we share with Lavalin the view that Lavalin's optimism is such that it was prepared to acquire the company and put forward a substantial amount of money. It believes there is a tremendous potential for the systems and the capacity of the workmanship to sell the systems worldwide, whether it is intermediate capacity transit system technology or subway cars, etc.

It is a very aggressive marketing company and it is absolutely convinced that it can penetrate world markets because of the reputation it has, because of its marketing skills and because of the existing conditions in which it is doing business in 27 countries. It is not just sending salesmen around the world; it is actually operating businesses there. It has done a lot of work for a great many companies around the world. It is a

highly respected ongoing operation with 6,000 or 8,000 employees around the world. It has the knowhow. It proved that in Vancouver—that system works extremely well—because it did the civil engineering as well as manage the overall contract. It can now take that and move on.

11:30

Mr. Hobbs: I might add, Mr. Brandt, as I mentioned in the last session, where we ran into problems in Detroit was not with the technology; it was on the civil side of the project where there was a subcontractor operating under very different rules. When you cannot combine and do a turnkey, as was done in Vancouver where Lavalin was involved, you get out. You do not have to deal with the same kind of problem we ran into in Detroit.

Mr. Brandt: Since geographically I am relatively close to that market, I have been following UTDC's experiences in the Detroit market and the reputation of UTDC has been very critically damaged in that area as a result of the very thing you are talking about. It is a running editorial comment in the newspapers. They are making fun of the system by pointing out the number of problems that have happened with the above-ground pillars that have collapsed in some instances or were proven to be inadequate. They cracked; the workmanship was bad. The system is starting off with a terrible reputation before the first train even gets to run on the track.

Mr. Hobbs: As I say, it is unfortunate, because it is not the technology; it is the civil side that has caused that to happen.

Mr. Brandt: I can accept that. We can get into Detroit in some detail. Perhaps I will shift off that for the moment, but it is a serious problem in that area.

Mr. Pouliot: I am appalled and shocked. I was here from the beginning and I will summarize a few things. I listened very intently to the leadoff from the minister in the first eight minutes out of the overall 25 minutes with which you favoured us. It was a commercial for Expo 86—I guess that is allowed—and then it went into the real responsibility for this kind of mess. I cannot understand the deathbed repentance. I can smell a witchhunt.

We had 20 minutes. We had prepared, at great expense and effort—it was very taxing in terms of energy—an hour and 20 minutes for a leadoff. We thought we would have an overall ensemble of the shortcomings and the pitfalls as well as the positive alternatives on what needed to be done.

That is the overall responsibility of a critic dealing with this kind of endeavour.

We threw away fully 15 pages. Our leadoff was 20 or 21 pages and we appreciated the indulgence, the understanding and the patience, because from time to time it does not move, it does not connect as well as it should. There was not a word about UTDC, because there were other fields of endeavour and we, too, looked with some anxiety at the final result of this process. It is not a clean process. It is not a keep-it-simple theory. Far from it; some would say it borders on a coverup.

I do not envy the minister and his staff in terms of getting rid of an embarrassment. I would feel much more comfortable with respect to Suncor or the erection of a monument to a minister's vanity: Minaki Lodge. I can hardly follow the style, the method or the approach, unless it is for the good health of Mr. Brandt, with respect, who goes from estimates to this committee and tries to get figures that will show discrepancies. Beware of the minister who says candidly, off the top, \$8 million. But while Mr. Hobbs is at the estimates, if he says \$9 million, then you will go on for ever.

If this is a justification of conscience, without any indication of things to come, the time is running out. We are dealing with pot-holes. We are dealing with people's money, people's welfare. People are concerned about the method or mechanism employed, because it is not clear. We should be getting those documents. They should be public documents. As much as I hate the word "secret" when talking about our field of endeavour, I can as readily appreciate the word "confidentiality" when you are talking about our collective and individual money.

That point is not well taken. It is like pulling teeth when the patients are not quite frozen. I have listened to Mr. Kruger and I can sympathize with that. He had no figures at his disposal; maybe in the middle of the night some staff who should be doing something else, recuperating by sleeping or whatever, have to dig out figures one by one and sometimes you dole them out.

We are favoured with one letter—a letter of understanding or part of a contract—signed by Foley, Kruger and Hobbs. You have not seen the cheque. I am not going to accuse you of endorsing it—you did not see it; perhaps it was en passant—but you knew it was there, the deal was right.

I find it very difficult to follow the process. Naïve and candid, I was expecting figures to help us do a collective job. Instead of Mr. Scott saying what he did in the House, the taxpayers of

Ontario should see how difficult it is to get the basic tools to do our job. It is not a lack of co-operation, because I know you mean well. Everybody means well, but it is like Houdini: now you see it, now you don't. The minute you ask for material, it is "in the process" or "it is confidential." It is not taking unfair advantage, but it is certainly a disadvantage for those who are seeking a real, live answer.

I will conclude with this: What tears me—and you lose part of yourself in this kind of exercise—is trying to establish whether these people are legitimate. What is their role? I know what you are trying to do. You felt you had a mess on your hands; let us get rid of it. Are they legit? Are you covering up? It was your baby in the first place. If anybody spent \$167 million worth of taxpayers' money, you and your people are going to carry the guilt, because that is where it is at.

Or are you candid and honest enough to say, "We agree with that, but nobody is going to take it off our hands." This is the ambiguity that is difficult, especially for a novice. It is a suffering process, and you are trying to say who is right in this affair and trying to please everybody and giving the benefit of the doubt. But in view of your 20-minute leadoff, some of it spent on UTDC, in view of the overall mandate, I am starting to be very sceptical indeed, and our party is too. That is why we did not raise one single line during our one-hour-and-20-minute leadoff.

I am starting to think this is a witchhunt—not that you are lily white in your method of disposing of crown assets, because nobody seems to be able to get the truth here. We know that the deal is not completely finalized. But you people are not lily white in this affair. It is nice to go from one committee to the other and so on. We know what you are after. I am not saying leave them alone, but give them a chance to come up with some figures. If they do not, then we will do it together and we will crucify them. That is all I have to say.

The Acting Chairman: Thank you, Mr. Pouliot. If I can help you a bit, the question here is how the sale was made. There are two different ways that we are talking about right now. One of them was to buy the assets. There is a different way to buy a company, and that is by buying the shares too. By not buying the shares, by buying only the assets, you get total immunity from all liabilities the assets had, and that is what the questioning was about. I hope that helps.

Mr. Sheppard: I have a couple of short questions to the minister. With regard to Little

Lake, Biddy Lake, down on Highway 401, you have received a letter from the ratepayers, I have received a letter from the ratepayers and I sent one to the former minister. What is your ministry going to do about putting up a sound barrier at Little Lake?

Hon. Mr. Fulton: Exactly where is it?

Mr. Sheppard: It is east of Cobourg, east of Colborne, between county road 19 and Highway 30.

11:40

Hon. Mr. Fulton: There are 60 sound-barrier locations across the province on our needs list. Funding provides for four of those annually. I do not have the list in front of me, and I do not know where—

Mr. Sheppard: It is in the Port Hope district.

Hon. Mr. Fulton: I do not know where it is on the list of 60, if it is even on the list. If it is not on the list, you are looking at 15 years. There are a number of priorities. My critic and other members from Mississauga, Mrs. Marland and others, have all pushed very hard for sound barriers on the Queen Elizabeth Way, Highway 401 and so on. I do not know where yours is on the list.

Mr. Sheppard: I hope it is not going to be 15 years, because Little Lake is very close to Highway 401. I have driven by there lots of times. I have driven on the north shore of Biddy Lake, and it is very close, and there is more and more traffic on Highway 401 every day. I hope you will take a serious look at it and get back to me, and I hope it is not 15 years before you build a sound barrier for the people on the north shore of Biddy Lake.

Hon. Mr. Fulton: We will take it under advisement and determine where it is. Perhaps you might make an agreement with one of your members to withdraw his or her request, and we will insert yours in its place.

Mr. Sheppard: Thank you. Have you taken the wing man off all the snowploughs in Ontario? Getting back to the riding of Northumberland, you have taken the wing man off on Highway 30, on Highway 2 and on Highway 28. Why have you done this?

Hon. Mr. Fulton: Mr. Barr, would you like to address the question of the wing man? We call them wing persons.

Mr. Barr: This is something we have been doing for a number of years, not just in this particular district but in all the maintenance districts on all the teams. It is entirely voluntary.

We find that it has economic advantages to us. There are some safety concerns when the one-person plough has one operator. We are concerned about whether this causes him concern. All the ploughs are equipped with radios, so there is no problem contacting our offices. It has worked well in all cases in which we have tried it. It is voluntary as far as the operator is concerned.

Mr. Sheppard: What happens if one of these snowploughs has to back up on a blustery night? I was a wing person, as you call them, quite a few years ago on Highway 401. What happens? What do you do in a situation where it is blowing so hard that you have to back up and you do not know how far to back up because there are cars, transports or some type of machinery coming behind you? There is no wing man out there with his red flashlight to motion the traffic to go by or to motion the operator to back up that vehicle.

Mr. Barr: Under those circumstances where we have adverse conditions, we do have two people on the plough, the driver and the wing person.

Mr. Sheppard: That does not make sense. If you go out to work on one of the highways at nine o'clock at night, you know as well as I do that, within an hour or two, the weather might be so terrible that you cannot see. You had better come up with a better answer than that to satisfy me.

Mr. Barr: In virtually all instances where we have been doing this, it has proved to be a reasonably efficient and safe operation.

Mr. Hobbs: The experience does not bear out the fact that this results in a great many problems of the type you are talking about. We might get one every once in a while, but generally the practice has proved to be efficient and safe.

Mr. Sheppard: If I hear of any accidents in my area on account of this, I am sure the minister will hear about it quickly.

What about the painting on Highway 401? You did three or four patch jobs in the riding of Northumberland between just west of Port Hope and Highway 33. I mentioned to one of your people—I think it was a week ago Friday—on a Friday afternoon, that you had a couple of accidents at what we call the Wooler Road. I brought it to the engineer's attention. Whether it got as far as your office, I do not know. Is there any reason that you let the paving go on when it was the Friday afternoon of a long weekend, when the traffic is extremely heavy?

Hon. Mr. Fulton: Why we let the paving go on?

Mr. Sheppard: You usually stop paving on the busy highways at noon on Friday. In this case, on Friday afternoon they were paving Highway 401 at the Wooler Road, and I believe there were two accidents on that stretch of road. The complaint I got was that they should not have been paving Highway 401 on a Friday afternoon.

Hon. Mr. Fulton: We are going to have to go and have a chat with your brother, Howard.

Mr. Sheppard: I do not even talk to him.

Hon. Mr. Fulton: Most people want the roads to get finished. I cannot answer the specifics of why they have to be working out there, but the last time I was down there checking your roads they were working well into Friday afternoon on the westbound lanes of Highway 401.

Mr. Sheppard: Were you down there on a long weekend?

Mr. Hobbs: I am not sure whether this falls specifically into this category, but we have had some real problems getting our work done because of the weather situation. There has been a lot of pressure on the contractors to try to get the jobs done before we get into winter. I am not sure whether that applies in the case you are talking about, but across the board we have been having a lot of problems because of the weather. The municipalities are having the same kind of situation.

Mr. Sheppard: So is the farmer having a real problem with the weather.

When am I going to get some maps with Codrington in the right place? That is where I was born.

Hon. Mr. Fulton: Howard, I have been sitting up nights moving that little village a quarter of an inch to the west.

Mr. Sheppard: No, you have to move it to the east, because you moved it to the west. I want you to move it to the east.

Hon. Mr. Fulton: That means I have to start all over again, but I am down to about a half a million to go. We will have it corrected with our apologies to your constituency.

Mr. J. M. Johnson: I want to start off by complimenting you and your ministry for correcting the serious problem on Highway 6 just north of Arthur. There were serious snow problems, and the ministry did an excellent job that we hope will alleviate the problem. I want to thank you and the ministry.

Having thanked you, I want to ask a favour of you. Your ministry closed the office that issues motor vehicle licences in the little village of Erin

this past year. That action has created a lot of problems for the people in the community and the surrounding area.

I compared the community to Mr. McKessock's community of Dundalk. They are of a similar rural nature. The offices closed in Dundalk and then reopened. I put questions in Orders and Notices and received answers, and I thank you for that. The reply to my question pertaining to the Dundalk office gave a utilization rate of 40 per cent, and it stated that the nearest offices were in Durham, 42 kilometres away, and in Markdale, 27 kilometres away. There is another office at Shelburne, which is only 19 kilometres away.

In comparison, the nearest offices to the village of Erin are in Acton, 20 kilometres away, and in Orangeville, 23 kilometres away. As I say, they are comparable. It is hard to justify to the people who know that the office was closed in Dundalk and then reopened and the office was closed in Erin and has not been reopened. The offices are similar in nature to serve rural Ontario. The population in Erin and district would be well in excess of two to one. In Dundalk, the population of the village is two to one and the population they serve would be higher than that.

Mr. McKessock: It was closed in Dundalk only until they got someone else to run the office.

Mr. J. M. Johnson: The problem is that they have Mr. McKessock there; that is the problem.

Hon. Mr. Fulton: The two of you were arguing over who was going to operate Shelburne, so I hope you resolve that.

Mr. J. M. Johnson: I would like to read portions of a letter that I received from a doctor in Erin that highlights the concern I am expressing. He writes about his "recent experiences with the Ministry of Transportation and Communications regarding the problems I encountered in arranging transfer of ownership of an automobile from my name to that of my wife." He goes on to state that the office in Erin was closed and: "As a result of this MTC decision"—to close the office—"I was forced to travel a considerable distance to do business with the MTC, some 37 kilometres, to be precise. I take this arrogance on the part of MTC to be an outright insult to the people of the village of Erin."

11:50

He continues: "I found the Ministry of Transportation and Communications on Woodlawn Avenue in Guelph to be somewhat lacking, in that I had to make three separate trips from

Erin to Guelph to accomplish the auto transfer. The first trip I made was to inquire about the procedure of transfer. I was forced to stand in line for 20 minutes." He goes on to state that he experienced undue delay the first time. On his second trip he was told he could not complete the form, because he did not have a marriage certificate. On that occasion, the lineup was 45 minutes and: "When the documents were presented it was brought to my attention that my wife had used a different surname from my own." He goes into the details of that. As a result, he had to get his marriage certificate and go back a third time.

This letter highlights the concerns that many of the people in that area have. The writer goes on to state: "In addition, I wish to point out that I am a physician, and from time to time am called upon by the MTC to provide opinions or information. This recent experience does not endear me to this ministry, and I should not expect to be in anything less than a hostile attitude when dealing with them in the future." He then makes some other comments that it is not necessary to read into the record.

Minister, I presented a petition with approximately 1,500 signatures of people who wanted this office reopened. There was a problem when the office was there before. It was in a poor location several years ago and it never did the amount of business it should have done. It was moved into another location for a short time, and business was starting to pick up. Then they decided they could not handle it and they wanted to get out of the business. At that point the ministry decided it could be discontinued, because it was not used as much as it should have been.

I am questioning the utilization factor and the situation that in a growing area such as Erin, which is increasing in population constantly, it does not serve citizens of the province well, certainly in that area, to deny them access to an office that they will want to use more in the future. Having been through this experience in the past, does it not make any sense to give them another opportunity to establish the fact that they can make that office work, the same as you did in Dundalk?

Hon. Mr. Fulton: I recall the question you raised in the House when you presented me with the petition. The problem was, Mr. Johnson, that the utilization rate in Erin was 30 per cent or maybe even less. It was just about the most underutilized agency in the province, notwithstanding that there are others in that range but

with greater distances to the next location. We took your request and your petition very seriously. We looked at it, and the numbers were just not there. As you mentioned, the operators decided to go into some other business, and there did not seem to be any basis to attempt to continue that operation.

A concern I have had which I have expressed before to other members, both privately and in responses, is that, particularly in small towns with a main street, the last thing I want to see is yet another vacant store. One thing leads to another, and small towns can deteriorate. I used to travel through that area for many years. Whether it is Arthur or Palmerston or Harris or anywhere else, you do not want vacant stores on the main street. It starts the downward trend of the viability of the small town.

I will ask Tom Smith to talk to you about the specifics of trying to reopen that office, but the reality is that a lot of the people who signed the petition in all sincerity now do their business elsewhere.

Mr. Smith: It is part of the difficult problem we face of trying to balance reasonable level of service with limited resources. If we operate an office, it takes considerable money, something in the order of \$10,000, to establish the office. The major costs are the setting up of communication lines with Bell Telephone or other telephone companies and the acquisition and installation of automated equipment.

One of our concerns is that if that equipment is underutilized when other locations have significant demands, we feel we should be shifting our resources to those areas where the demands are. I do not have the numbers available to me here on what the utilization rate was. The minister has said it was 30 or so. It sounds quite low.

Mr. McKessock: I support Mr. Johnson in his effort to get a licensing office there. I know the town quite well; I have a couple of sisters who live there.

Besides trying to fill a vacant store on the main street, we should be looking at service to the rural area. Even though the utilization may be small, there are a lot of people in that area who have to travel a considerable distance to get their licences renewed.

If we are going to give the people in rural areas the same kind of service or at least partially the same kind of service as they can obtain in urban areas, we have to go a little further to establish offices in these rural areas. I do not think the startup costs are that great for licensing offices,

because they are paid a certain amount on a basis of the number of licences issued, are they not?

Hon. Mr. Fulton: By commission.

Mr. McKessock: It is on a commission basis; so it is not an expensive outlay to give them that service.

Mr. J. M. Johnson: In conclusion, the problem I see is that big is not necessarily better. For example, if you put an office in Guelph and accommodate more people, the lineups will get longer; that will create frustration for people. We are asking older people to be tested every year, and many of the people in this part of the riding are older. We also have problems, being in the snow belt; people do not want to travel long distances.

There is no question in my mind that there is going to be a better utilization factor for the simple reason that they realize what they have lost. I am sure they will increase the usage. To do more of this in Acton or Orangeville is not necessarily better either. Many of the people do not take a licence office for the sake of making money; they take it because it increases their business if they have another outlet.

I would appreciate it if you would have your staff at least look at the Erin situation again and talk to the people in council and the people who are concerned with it. I am sure they will give you reasons you should consider it.

Hon. Mr. Fulton: We appreciate your ongoing concern and expressed interest in this matter. I will give you the undertaking that we will take another look at it and will look to you to provide us with some guidance and information relative to our review.

The Acting Chairman: Mr. Brandt, there are a few minutes left.

Mr. Brandt: I will go as quickly as I can. I know my colleague Mr. Barlow wants to get on as well, but I do not know whether I can cover all this in five minutes. Is it the intention of the committee to adjourn at 12 noon?

The Acting Chairman: Yes.

Mr. Brandt: I am raising my first point on behalf of my colleague the member for Hastings-Peterborough (Mr. Pollock), who has a concern about the Bancroft office not all that dissimilar to the concerns shared by Mr. Johnson with respect to the matter he raised with the minister.

In Bancroft, there are people at the office who are looking after the licensing requirements of that area. However, the position being put forward by my colleague, who knows the situation very well and shared his comments with

me, is that apparently as a result of the volume of business, the burden is such that they are not able to handle the flow of transactions through that office. The answering machine is not responded to, and people are finding it necessary to go to other offices to get their licensing requirements looked after; in the case of that office, it entails driving a distance of some 100 kilometres to the next closest office.

The position Mr. Pollock puts forward, and I do so very thankfully on his behalf, is the matter of convenience to his local residents and the difficulty they are apparently having in getting the level of service they feel is justified. I ask that the ministry also look at this office from the standpoint of manpower, the total service and the volume of business that goes through the office, and take into consideration the fact that it is somewhat isolated in that it is 100 kilometres from the next nearest office.

12:00

Hon. Mr. Fulton: Do you want me to respond to that?

Mr. Brandt: Sure.

Hon. Mr. Fulton: I have the letter to Mr. Pollock on my desk, ready for signature, regarding the concern he has brought to our attention. With the introduction of photos on licences and so on, we could not anticipate the volume levels. The Kingston staff is currently reviewing the situation to see whether added staff is necessary there. If more people are needed, we will get them in there.

Mr. Brandt: That will be well received by Mr. Pollock. I will pass those comments along to him, and I appreciate the review you are doing. He would very much like to see some improvement in the level of service there.

I have two other brief points, and the minister is aware of both of them. One is with respect to the Lambton health unit and the response it is awaiting on the position it has put before the minister, requesting the land at the intersection of Highway 402 and Front Street in the village of Point Edward. The unit's intention is to build a new facility on MTC land, which is residual land left over from the construction of a major overpass in that area.

I had the opportunity to speak to the minister in Dave Smith's office in connection with this matter. At that time, the minister indicated he would review it. I understand the ministry's position relative to these kinds of land transactions is for market value.

I put the proposition before you again: The Lambton health unit is principally funded by Ontario, and there is some question about how you would establish market value on land that is essentially recreational. I again press the point that it does not have a substantial use outside of a relatively low value in return for that land, since that location should not be used for commercial purposes.

To use it for a government purpose such as a health unit office would be acceptable to the community, but to establish a commercial value on that land and suggest that is the price the Lambton health unit should pay is not an appropriate way to proceed in this instance. It is for a community good, and it is on land that is not being used at the moment.

There is another complication. The minister is aware of a long-term lease, albeit a somewhat questionable one, with the village of Point Edward, and there is a question about what the future use of that land could be.

Taking all that into account, I do not expect an immediate response today. But I am waiting with some degree of anticipation for a favourable response, knowing you are a fair-minded man and will look at the situation, take all the factors into account and come back with a positive response.

Hon. Mr. Fulton: This is all in aid of the Andy Brandt Memorial Nursing Home, right?

Mr. Brandt: I am not quite at that age yet. I do not anticipate a move to a nursing home.

Hon. Mr. Fulton: I believe we have completed the appraisal of the property's market value, which is what we are required to do. As you stated, we met with you, and we are aware of its background. Because of the nature of the sale—we are indirectly selling to another arm of the government—we will have to follow the prescribed process and take the matter to Management Board. I cannot give you the timing today, but we are actively bringing that matter forward.

Mr. Brandt: With your eloquent presentation to Management Board, I know you will be able to get a price that will be acceptable to the Lambton health unit and to the community I represent, as well as, I might add, to your colleague Dave Smith's community. Since the Lambton health unit is both a county and city facility, it serves the jurisdictions of both of us.

Finally, although I know we are running out of time, I would like to show you a headline, "Truck Accident Injures Three." The accident happened on Highway 40 in Sarnia township. You have

had a great volume of correspondence from my community on this matter. What is being requested is a widening of that road for six kilometres to bring it up to the same quality of service that is currently being experienced on other parts of Highway 40.

No community in the entire country carries more volatile products or a heavier volume of volatile products on a daily basis than the community I represent. It is the Chemical Valley of Canada. Not only is it a matter of the volume of traffic, which is one of the criteria you have to use—I understand you have to have a means of measuring these things—but also the case was put forward many years ago that even though Highway 402 may not carry a justifiable level of traffic on a unit-count basis, the nature of the loads being transported on the highway justified its completion at a relatively early point because of the volatility of the cargoes involved.

The cargo in this accident did not result in an explosion, but a tank truck was involved. If you came to my community and saw the number of tank trucks that use this road on a daily basis, you would be as apprehensive as I am. When one looks at some of the other government initiatives, which I do not necessarily question—I will use only one as an example: the spills bill, which requires that control of cargo be in the hands of the owner and that he take appropriate steps, using whatever means are at his disposal, to make sure that cargo is safe—I believe the government has a concomitant responsibility to do the same kind of thing in terms of the quality of the roads on which those loads are transported.

The number of community representatives who have contacted you on this already are numerous. I will not mention them all, but the township of Sarnia, the city of Sarnia, the chamber of commerce and the fire departments have all indicated this relatively short, six-kilometre stretch of road is extremely important because of the nature of the products being transported on it.

I urge you, in terms of priority, to take a look at this. It has been on your list for a number of years. You wrote me a somewhat optimistic letter, indicating you would attempt to see whether funds were available and it was important enough at least to be looked at another time. I ask you to try to find some way within what I know is a restrained budget to proceed with completion of that road. It is vitally important.

I appreciate your indulgence and your patience. I know I have gone over time, but if you

want to respond briefly, I will appreciate your comments.

Hon. Mr. Fulton: I thank the member. He puts the case forward very eloquently and very well. It has been identified as a project for four lanes to be undertaken in the future. I will give a

further undertaking to have an additional review done by my staff to see whether, as funds are available, we cannot move it up in our priorities because of the hazards the member has raised.

Mr. Brandt: Thank you.

The committee adjourned at 12:08 p.m.

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No. G-6

Hansard

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Legislative Assembly of Ontario

Standing Committee on General Government

Estimates, Ministry of Transportation and Communications

Second Session, 33rd Parliament

Thursday, October 30, 1986

Afternoon Sitting

Speaker: Honourable H. A. Edighoffer

Clerk of the House: C. L. DesRosiers

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday, October 30, 1986

The committee resumed at 3:30 p.m. in room 228.

ESTIMATES, MINISTRY OF TRANSPORTATION AND COMMUNICATIONS (continued)

On vote 2601, ministry administration program; item 1, main office:

Mr. Chairman: We will commence.

Mr. Sargent: I have to leave in half an hour.

Mr. Barlow: I have to leave in 15 minutes.

Mr. Chairman: I will have to be a bit arbitrary about time, but we will go to Mr. Gregory for not more than seven minutes.

Mr. Gregory: I assure you I will not take long.

Mr. Sargent: Why does he get the right to supersede? Who gave him that right?

Mr. Chairman: He got on the list first.

Mr. Sargent: I spoke to you before the meeting.

Mr. Chairman: That is right. He spoke to me in the House.

Mr. Barlow: I spoke to you two weeks ago.

Mr. Sargent: I wonder what is going on.

Interjection: He has a blue tie on.

Mr. Sargent: Mr. Gregory is knowledgeable about a lot of things, but does he have the right to take up most of the time in this meeting?

Mr. Chairman: No, not really. If you let him on for seven minutes, you can go next. If you talk too much, that means others will not get on.

Mr. Sargent: I do not think this is right. I come here and Mr. Gregory does all the talking.

Mr. Pouliot: There is a constant changing of the guard. I understand. I share not your confusion, but the same dilemma, the same impasse. This is being recycled, yet Mr. Gregory has done rather well in leading this. I have been entertained and I agree with the chairman's decision that we should be entertained some more. It is our democratic right.

Mr. Gregory: Are you saying, Mr. Pouliot, that I am conducting a rather successful workshop?

Mr. Pouliot: There are degrees to everything.

Mr. Chairman: We now are up to six minutes.

Mr. Gregory: Mr. Chairman, I hope you will allow me seven minutes from now.

Mr. Chairman: Six; carry on.

Mr. Gregory: To go back to this morning, I am sure the minister's instant recall has reminded him that I did spell out the name of the report I was requesting in the House, the report to the government of Ontario on the future of the Urban Transportation Development Corp. Do you recall that I asked you specifically for it?

Hon. Mr. Fulton: I did not get the full name, I did not have a date and I did not have an author.

Mr. Gregory: When we get Hansard, I will be glad to remind you and I expect an apology in the House at that time.

Hon. Mr. Fulton: Do not hold your breath.

Mr. Gregory: I never hold my breath when I expect an apology from the government, but out of courtesy—

Hon. Mr. Fulton: I may be a member of the government, but I am a gentleman.

Mr. Gregory: Okay, be a gentleman. When I show you Hansard, I will expect that, rather than the statement you made in the House that I did not tell you the name, since I did tell you the name.

Hon. Mr. Fulton: I believe I said it was an incomplete name without an author and without a date, which made it difficult to pin down. However, that problem has been resolved.

Mr. Gregory: We may raise it again.

I want to get away from the thrust of this morning on UTDC. Obviously, we are not going to get much satisfaction on that.

Mr. Chairman: The minister has some answers and he has asked me whether he can give them.

Mr. Gregory: I will be glad to hear them, but may I get them later?

Mr. Chairman: In fairness, I know you are the critic, but other members have asked over the past two sessions to put questions and have never had the opportunity to do so. I do not want an exchange between you and Mr. Fulton that is going to take up the first half hour.

Mr. Gregory: I have been trying to say that I have a question that has nothing to do with UTDC.

Mr. Chairman: Please put it forward.

Mr. Gregory: It has to do with a total amount of \$23,932,700 that has been allocated in the current estimates to cover the cost of professional and consulting services. This is broken down in all the votes from vote 2601 to 2609. The largest amount is under vote 2604. I am asking the question because to me this amount of money for professional and consulting services means outside consultants or outside professionals. I find it disturbing that it represents an overall increase of 25.37 per cent compared to the similar figures contained in the 1984-85 estimates. My question or concern is whether this large 25 per cent increase in expenses for outside people means there are fewer full-time people on your staff.

Hon. Mr. Fulton: There has been a diminishing number of people within the ministry, a downward trend, for some time. The consultants do roughly 50 per cent of the engineering and related work. The deputy minister might want to clarify this, but I think 50 per cent to 55 per cent is done out of house. I believe we employ about 420 engineers, professional staff. The balance of the work is done outside. It is not all related to highways and highway construction. There are other matters connected with it such as the freeway traffic management system and so on. The increase is partially due to the higher level of activity because of the increased funding we now have.

Mr. Gregory: Because of the increased funding?

Hon. Mr. Fulton: Yes.

Mr. Hobbs: Mr. Gregory, in one single area, and that is in highway design and highway-related design, we have gone from \$8 million to \$12 million. When you increase the size of the budget for the actual work that is going to be done out there, you have to spend correspondingly more to get the design work done so you can deliver the product.

Mr. Gregory: Are most of these Ontario firms or Canadian firms? Are there any foreign firms?

Mr. Hobbs: Virtually all the work we do is with Canadian firms unless it is something that is very specialized.

Mr. Gregory: I have one other item I want to get into. Perhaps the minister can tell me how many staff he has and their relative salaries. I am

including in that executive assistants and special assistants, other than secretarial help.

Hon. Mr. Fulton: Do you mean the very small number of people I have in my office to maintain this very large ministry?

Mr. Gregory: Yes.

Hon. Mr. Fulton: I have an executive assistant who is underpaid. I have a new special assistant for legislation. He is also underpaid. I have a special assistant for communications and he will write you glowing letters to tell you why he is underpaid. I have a secretary. A word-processing person is on our staff. I have a driver.

Mr. Gregory: That is okay. I am more interested in the executive assistant and the two special assistants. You speak of your underpaid executive assistant. How much is he or she underpaid and compared to what?

Hon. Mr. Fulton: I am not going to say how much she is underpaid.

Mr. Gregory: What is she paid then?

Hon. Mr. Fulton: I think she is paid at or a little above \$50,000 annually.

Mr. Gregory: It is \$50,000. She is underpaid compared to whom?

Mr. Barlow: The members.

Mr. Gregory: She is overpaid compared to the members of the provincial parliament; I know that.

Hon. Mr. Fulton: She probably works harder than most of them.

Mr. Gregory: That might well be. What about the special assistants?

Hon. Mr. Fulton: I do not have the figures in front of me, but I think they are at about \$33,000 for one and \$38,000 for the other. The figures were tabled in the House a while ago in response to a question.

Mr. Gregory: I guess it was a while ago and, of course, things do happen. I do not think there are the same controls on executive assistants.

Hon. Mr. Fulton: The question was some time in July and to the best of my knowledge there has not been any change in the salary levels, except that we have brought in a new person to replace someone who terminated.

Mr. Gregory: I do not recall what previous executive assistants under previous ministers were paid.

15:40

Mr. Sargent: How much did you pay your gal?

Mr. Gregory: I am glad you asked that question. I paid \$35,000.

Mr. Sargent: Did you really?

Mr. Gregory: Yes, and from \$35,000 to \$50,000 seems—

Mr. Sargent: That is pretty high for the job she had to do.

Mr. Gregory: That is right. Those three are the only three assistants you have; an executive assistant and two special assistants. I am afraid to ask what your computer operator gets.

Hon. Mr. Fulton: I would have to guess. I do not like to guess. I will get it for you before the session is over.

Mr. Gregory: Let us go to your private secretary. What do they call them now? is it legislative assistant or private secretary? What does your private secretary get paid?

Hon. Mr. Fulton: I believe she gets about \$40,000. She is responsible for quite a number of things.

Mr. Gregory: Does she serve as your administrative assistant as well?

Hon. Mr. Fulton: In a way; mainly with MPP matters.

Mr. Gregory: Do you have another administrative assistant?

Hon. Mr. Fulton: I have my executive assistant.

Mr. Gregory: Your executive assistant serves that purpose.

Hon. Mr. Fulton: That is right. She administers the office.

Mr. Sargent: Can I have an interjection here?

Mr. Chairman: Are you done, Mr. Gregory?

Mr. Gregory: Yes. I will withdraw in fairness to Mr. Sargent.

Mr. Sargent: Thank you very much. I have been here a long time, about 100 years, and I think the questions Mr. Gregory asked were pretty chintzy. I have never seen that before. It is pretty chintzy stuff when you ask questions such as those. Why is that?

Mr. Gregory: Questions about salaries?

Mr. Sargent: Yes.

Mr. Gregory: If you want a precedent, I will take you back to discussions when you were in the opposition. Nobody asked chintzier questions than you did.

Mr. Sargent: Not about peanuts. I asked about \$1-billion contracts but not about peanuts such as this.

Mr. Chairman: Do you have a specific question.

Mr. Sargent: Yes, I do.

Mr. Chairman: Mr. Fulton is the man answering today, not Mr. Gregory.

Mr. Sargent: You would give Mr. Gregory a—

Mr. Chairman: He is as much of a problem as you are. Please continue.

Mr. Sargent: I was going to say some nice things about you, Mr. Chairman, but I guess I will hold them.

Mr. Chairman: Yes, hold them. It will save time.

Mr. Sargent: We have been told that the rapid transit into Toronto serves 50,000 people. Ontario has put \$1 billion into the trains coming here, to bring only 50,000 people. Everybody across Ontario, in the chairman's area and mine, is paying towards that \$1-billion investment for 50,000 people riding twice a day. There are 100,000 riders a day but only 50,000 people are being serviced. In our area, our trains have been cut off. Canadian Pacific and Canadian National are cut off. There are no four-lane highways at all up our way. Our area serves about 75,000 people. The chairman's area probably has about 65,000 or 70,000 people. It is highly overdue that we have not only reparation—we are mad as hell about paying all this money for this giveaway down here.

Mr. Knight: Do you want separation?

Mr. Sargent: We have to get some money back into the hands of these people. If you are not going to pay it back, at least put it back in the form of a four-lane highway. Our Highway 10 is the only highway in Ontario that is not within 100 miles of a four-lane highway. People come from the United States. They come through Windsor, Niagara and Sarnia and they have to drive all the way across to Toronto to go up Highway 400 to the north country. The natural thing to do is to bring it straight up our way to the peninsula and across to the north country. I would like to have some dialogue with you. Bob McKessock had to leave but he and Murray Elston are very concerned. We had a meeting about it and we would like to put the heat on to see what we can do about it. How is the climate for that?

Hon. Mr. Fulton: You raised the question earlier about people outside the catchment area of GO Transit subsidizing GO transit. I reminded you then, and I have to remind you again, that there is a \$20-billion investment in highways in

the province, including Highway 6, Highway 21, Highway 23 and Highway 10, which service that area. They are subsidized by the balance of the population of Ontario. This is how the transportation system has been set up. The great numbers are here and the greater need, in terms of mass transit, is here. Certainly, you have brought the question of some four-laning to the Bruce Peninsula to my attention on a number of occasions. We have indicated to you that there are areas where it is almost physically impossible; for instance, to take it through Chatsworth you would virtually have to eliminate the village of Chatsworth.

Mr. Sargent: You could bypass it.

Hon. Mr. Fulton: You could bypass it perhaps.

Mr. Sargent: Take it to Collingwood. We would not care.

Hon. Mr. Fulton: If the volume is on Highway 21—I agree with you that somebody coming over from Detroit would have a much more scenic drive north on Highway 21 than on Highway 400. Perhaps if they all knew you were up there in Owen Sound, it might be a greater attraction for them to go that way. Highway 10 is being four-laned to an extent far south of you. It will be a long time before it ever gets up your way.

Mr. Sargent: That only goes as far as Brampton.

Hon. Mr. Fulton: It goes north from Brampton. It is going to be a long time. It is in the scheme of things. To be realistic, it is not the highest priority for highway construction in the province.

Mr. Sargent: I saw your chart and we are at about the very bottom of the chance of getting it. I do not think that is fair. We have to attend to our different priorities.

Hon. Mr. Fulton: There are a number of priorities. We attempt to maintain good quality two-lane, safe, efficient highways that are well maintained in summer and winter in that area. I am not going to sit here and suggest to you during these estimates that we are going to implement a program to undertake a four-lane project in any of the highways leading into or out of Owen Sound or the Bruce Peninsula.

Mr. Hobbs: On the question of 50,000, I will simply add that if GO Transit were not available in this congested area, you are probably talking about anywhere from 40,000 to 50,000 more car trips per day.

Mr. Sargent: That is a good point.

Mr. Hobbs: For a car going across Highway 401 today, the average car occupancy is 1.2. Since you cannot get any lower than one, a lot of those people would take their cars on the roads.

Mr. Sargent: I have one more question. How much time do I have left? One minute? I spoke to the minister last week about double-decking on Highway 400. Hitler did it in Germany for the autobahn. They have four double-deckers in Montreal. It is chaos up there now. It sometimes takes you two hours to come from Brampton into Toronto. If you put in double-deckers, you could put tolls in; it would be self-amortizing, self-liquidating by toll system on double-deckers. It has to come some time. When you get the domed stadium down here and that mess up there, there is going to be chaos in Toronto. When are you going to do some double-decking?

Hon. Mr. Fulton: I know what the domed stadium is. I do not know what the mess you are referring to is.

Mr. Sargent: Traffic.

Hon. Mr. Fulton: I do not know whether any engineers have attempted to undertake a study of the feasibility of it, let alone the very prohibitive cost in hindsight, of double-decking highways such as Highway 400 and Highway 401. I do not know where you would start, where you would finish, how you would have egress and access on and off the road and that sort of thing. What would you do with the noise levels, which are already a serious problem, as was brought up earlier this morning, and those kinds of things. There are probably other, less expensive solutions.

Mr. Pouliot: It is called a subway.

Hon. Mr. Fulton: That is certainly one of them.

Mr. Barlow: I have a few questions that relate to the great riding of Cambridge. On August 12, a meeting was held in your office with the mayor and other officials from the city of Cambridge with regard to the Highway 24 bypass around the Hespeler portion of Cambridge. At that time, you no doubt recall, you said it would be in the budget by 1992. When I knew these estimates were coming up, I phoned the city engineer and asked what information he would like me to relay to you while these estimates were on stream. He said the biggest concern they have in Cambridge is that Highway 24 bypass. It has been on the drawing boards for a good number of years. He was wondering whether there was any possibility of getting something done on it prior to 1992.

Hon. Mr. Fulton: It is on schedule. I can check the startup date.

15:50

Mr. Hobbs: I think the question you are asking is whether the current target date can be brought forward.

Mr. Barlow: That is right.

Mr. Hobbs: In terms of what is on the program, it is pretty difficult. As you are aware, that commitment was made in the context of the overall Toyota deal.

Mr. Barlow: That is right.

Mr. Hobbs: It is tied in with a variety of other things that have financial implications for us.

Hon. Mr. Fulton: There is also some work that has to be dovetailed with the region of Cambridge.

Mr. Barlow: Yes, there is. That is well on stream, and apparently you are going to be ready in advance of 1992. I am asking whether you can take a look at the priorities. That is one of the biggest priorities in and around the Cambridge area, one that has been on the books for a long time and has been put back and put back. Now we are assured of a firm date, 1992, as of August 12. We would appreciate it if that could be advanced in any way.

The other question the city asked me to inquire about has to do with the Public Transportation and Highway Improvement Act. Is it correct that generally the subsidy for municipalities under that act is 50 per cent?

Hon. Mr. Fulton: That should apply to Cambridge.

Mr. Barlow: Apparently, some programs and projects the city has done on its own recently have been 100 per cent. I wonder whether to get something done a city will have to go to 100 per cent.

Hon. Mr. Fulton: Some have been going on their own over and above the allocations they have derived from the ministry in the past few years. Waterloo has spent substantially above its allocation.

Mr. Barlow: Do you mean the whole Waterloo region?

Hon. Mr. Fulton: Yes.

Mr. Hobbs: There are a lot of municipalities and townships that spend 100 per cent of township dollars on road work. It depends on the priority individual councils place on transportation and roads.

Mr. Barlow: The question is not only on behalf of our own local council; it is general across the board.

Hon. Mr. Fulton: It is a question I get from about 850 municipalities each year.

Mr. Barlow: I am sure. You met with the township of North Dumfries last year.

Hon. Mr. Fulton: I think it was in April.

Mr. Barlow: The same problem is facing them again this year with their small township roads budget. The heavy aggregate trucks are beating down the roads and the municipality cannot afford to keep them up. North Dumfries is one of the fortunate communities. It has a lot of aggregate deposit, and trucks are moving back and forth across the county roads all the time. Part of it has to do with Toyota. Apparently, two new pits are opening up immediately. At present, there is a request before you for a meeting with the township. A letter was sent to your office on October 3 to have a meeting with them so they can explain it to you. I hope you will respond to that quickly.

Hon. Mr. Fulton: Did I not meet with them last year when you were there? If my memory serves me correctly, there are about 24 active or semi-active gravel pits in the municipality.

Mr. Barlow: It is something such as that; 24 or 26.

Hon. Mr. Fulton: I think we allotted them an extra \$40,000.

Mr. Barlow: Yes, you did. It was \$60,000.

Hon. Mr. Fulton: The other problem is that we are dealing with the aggregates act, which we said we would address. The minister responsible for that is bringing that along.

Mr. Barlow: That is not be a question for these estimates. That same allocation—

Hon. Mr. Fulton: We appreciate the problem you and the people from North Dumfries have brought to us. We have heard from other areas. We had some people from Mr. Stevenson's area as well as from other parts of the province.

Mr. Barlow: On this issue, there is a letter on your desk somewhere. Perhaps you can bring it to the top of your file. Maybe your executive assistant can make sure of it and get a meeting going again. The municipality would like to bring its concerns to you at first hand. They can bring the maps and everything I am not equipped with today, but I am asking that we have a meeting on that very soon to help to alleviate their problems.

My next point deals with driver examination centres. I do not know how many examiners there are in our general area of Cambridge, Kitchener-Waterloo, Guelph and Brantford, but

there are not enough. A truck driver with a general licence or whatever he has, who wants to get it upgraded to an A licence, has to wait from six to eight weeks. I know you did help out a particular truck driver in one incident, and we were able to get him in so that he could get his machine on the road.

This past weekend, I was talking to a person who has an outfit which operates 20 to 25 school buses. He has a continual turnover in drivers—as people get older and can no longer carry on, they want to upgrade themselves to school-bus drivers—and it is now taking from six to eight weeks anywhere in the area, that is, within 30 or 40 miles of Cambridge. If I am not mistaken, there are only two examiners in Cambridge. In Kitchener, I believe there are five. I do not have all the numbers, and it does not matter what the numbers are. There are not enough. Are you going to be increasing that budget?

Hon. Mr. Fulton: We are aware of that problem. It has been brought to our attention on a number of occasions. We are particularly concerned and sympathetic when it involves any kind of a commercial licence. We had thought of experimenting again with Saturday openings for commercial purposes. I think this was done at Falstaff Avenue and one other location some time ago, but it did not prove out financially. It was not a very businesslike move.

We recognize the concern you brought forward. I will ask Tom Smith to give some of the details. Certainly, we are attempting to reduce that waiting time and build up our staff where we can.

Mr. Barlow: There are a number of commercial transport driving schools in the area, Merv Orr probably being one of the largest ones in the province. It is taking a fair bit of time for him to put people through his school. There is nothing wrong with that; they are being serviced, but there is a long wait for school-bus drivers and it is difficult for a commercial company to wait that long.

Hon. Mr. Fulton: Yes. We recognize the problem and we did attempt to accommodate one of your constituents with that in mind.

Mr. Smith: I have only a couple of comments. For both school-bus operators and large-truck operators, we provide something called recognized authority, whereby they do their own training and examination. They provide a course that we monitor and approve. That tends to have moved a lot of the volume out of our offices into their places and tends to work well. It does not work for the small operations. We recognize that

there is significant turnover every year, especially in the area of school buses.

If people have job problems, we try to accommodate them. We will put on extra people or the supervisors will test some of these people, but there comes a point when we cannot handle the volume. In many places, six weeks is not out of the ordinary. We try to avoid going past six weeks, but six weeks becomes the standard in many places.

Mr. Barlow: It seems to be a long time. They use part-time people as school-bus operators, of course.

Mr. Smith: Yes, they do.

Mr. Barlow: If someone quits in a hurry and the pool is gone, there is no problem with the operator giving training to other people, but when it comes time to get a booking for the person to upgrade his licence, it is virtually impossible.

I was told that at one time there was a floater for that general area. Brantford, Guelph, Kitchener and Cambridge are all in a fairly compact area and if there were one or two floaters who could relieve the pressure on one office or another, it might be a good idea.

Mr. Smith: We do that. If there are demands in some places and we can reassign people, then we do that. We try to match our people to the demand for their services. Again, when a school-bus operator is caught short because someone has left, we will do what we can to accommodate him because the bus has to be on the road.

Mr. Barlow: Right. I wanted to point that out to you, Minister. I have one final question on behalf of my colleague the member for Brantford (Mr. Gillies). He was here earlier but he had to go to another meeting. He is wondering about the timetable of Highway 403 through the Brantford area. There is a safety factor about which they are very concerned, where Highway 403 dumps off at Highway 2. He would like to know whether you can give a commitment on a timetable for completion.

16:00

Hon. Mr. Fulton: We are very aware of the need to complete that. You are referring to the Ancaster to Brantford link, I assume.

Mr. Barlow: Yes.

Hon. Mr. Fulton: That was announced about 14 years ago and very little was done. Only about 20 per cent of the required land has been acquired. The environmental assessment hearing was held in 1980, but the time has lapsed and

there has to be a further hearing. As I mentioned, about 80 per cent of the land has yet to be acquired. A great deal of design work is required. While I acknowledge it is a priority, we are currently looking at how and when we could bring it on stream in terms of our available funding. Unfortunately, when the announcement was made a long time ago, nothing really happened to bring it forward.

Mr. Barlow: So you are still not in a position to give a remote timetable for it.

Hon. Mr. Fulton: I would rather not speculate.

Mr. Barlow: All right. I will pass on that message.

Hon. Mr. Fulton: The problem is that it has been speculated about for so long and nobody has done anything about it.

Mr. Barlow: Lots of deputations come before you, I am sure. As a former chairman of the committee that used to hear the MTC estimates, I heard this time and time again from people such as Mr. Gillies, Mr. Treleaven and Mr. Nixon. The answers have been the same through the years and nothing has changed. I shall pass that on.

Mr. Pouliot: The MTC quick facts sheet I have in front of me advises that on July 31, 1986, the total number of regular employees with MTC was 8,536. I do not think there is any question about the accuracy of that figure. Perhaps the minister or Mr. Hobbs can give me a ball-park figure on the total number of regular employees with MTC five years ago.

Hon. Mr. Fulton: It was probably 10,000 to 11,000 five years ago. At one time it was 14,000.

Mr. Pouliot: The same quick facts sheet indicates that the population of Ontario as of August 1986 was some 9,100,000. We have more people; we have more road networks. People like good roads. It is a normal reaction. Because of the efforts of the labour movement and other factors, people started to be able to afford cars some five, 10 or 15 years ago.

Unless the consulting system is alive and well, can you explain something to me? I have some difficulty. You claim to have more roads, you also have more people seeking more essential services but the number of your employees has gone from 12,000 to 8,500. That is a discrepancy with which I have a problem, and I am asking for your assistance.

Hon. Mr. Fulton: I am sure the chairman and I agree that it has been a very well-managed department over the years. There are a number of

efficiencies that are adopted annually. The member for Northumberland was in earlier this morning questioning the loss of the wingman. You accumulate that kind of operational efficiency as time goes on and as computerization and other technology comes into play.

The government force in general, across the board, is about 81,000. Ontario actually has one of the lowest per capita civil services in Canada. Mr. Hobbs might be able to reflect in more detail how we manage to be such an efficient department with fewer and fewer people on the payroll.

Mr. Pouliot: Thank you. I intend to enlarge on what is efficient.

Mr. Hobbs: As the minister indicated, the reductions have come through trying to make the staff we have operate on a more productive basis and to get our processes operating more efficiently. Essentially, the reductions have come in the highway program through cutting down on the number of people on the patrols and, as the minister indicated, cutting down on the number of individuals involved in terms of the wing people and through privatization.

Mr. Pouliot: It is because of better efficiency and cutbacks where there seemed to have been some fat. Can the minister provide us, at his earliest convenience, with the number of jobs, fields of endeavour, departments and also the total money involved for the past five years for contracting out, or for consultants or work that used to be done by the ministry and is now done by private entrepreneurs? I assume they would be approximately the same; there would not be an increase.

Mr. Hobbs: The numbers involved in privatization efforts?

Mr. Pouliot: That is right, as opposed to about five years ago. Could we get that?

Mr. Hobbs: Yes.

Mr. Pouliot: Thank you very much.

I want to thank the minister and the members of his staff. I had a very good visit last Friday. It is certainly refreshing to see at first hand the kind of endeavours, for lack of better terminology, that we are asked to address. I ventured to one of your traffic vehicle bureaus as part of the tour that you so diligently organized, and I again offer my appreciation and the appreciation of my party.

I was a little surprised. When you are a people watcher, it is nice to see people. It is almost like filling in for citizenship. I am talking about some of our minorities, some of our ethnic people. Having been under other jurisdictions, it is only normal that they follow the requirements and file

for an Ontario driver's licence. As well, there were young people. If I may, people such as ourselves do not have to file every year.

I wandered along and I asked the gentleman, who was very knowledgeable, because there were a lot of people and big lineups. Incidentally, I extend an invitation to you to consider improving the facilities, not only for the staff. Suffice it to mention that it is very substandard. It is not Dante's hell; it is not the proverbial sweatshop, but it needs to be improved. I am sure the public that has to line up, especially in the cold Canadian winters, can relate to that.

I found it difficult to find anyone who spoke more than one language. I am sure you can place yourself in the position of someone who comes from an Oriental or a western or eastern European background whose mother tongue is not English. It is a dilemma, an impasse. I am not necessarily saying that one has to go through it to appreciate it.

Add to this the nervousness, because we were all nervous. I am sure every one of us can recall very vividly the day we went to apply for our licence. Will he love me? Will he love me not? Is he going to be a nice man? How am I going to behave? Does he like hockey? Does he like politics? We have people for all seasons. We were very apprehensive, somewhat anxious and nervous—a normal reaction. It is a big deal; it is a big event in one's life to be able to secure one's licence.

Naturally, since you do not have it, you have to be driven there. With GO Transit, you know how complicated those things can be. You do not have a subway system, so you have to secure someone who has a vehicle to get you there, but you have to make sure he is an interpreter as well. You go there with a few meagre dollars in your hand, you have forms to file, you are waiting in line. I am not saying you get the runaround. They are very efficient and very helpful.

The answer I got was that it is not asked, that people will not ask. You are very much on the defensive. Let us face facts: You may be in a majority in some cases, but you are still in a minority in regard to the system. Does the minister have any plan, not to dislodge anyone but to encourage and create a climate that will reflect the kind of society we have today? If you do not have any plans, will you give this serious consideration? It is not a great problem, but one readily senses that the service would be enhanced and quickly accelerated if this request, which is reasonable in this day and age, were acquiesced in.

16:10

Hon. Mr. Fulton: I presume you are referring mainly to the Downsview offices that you went through.

Mr. Pouliot: I am sure this is the only one my distinguished colleague did not mention. It is not a problem in the part he so ably represents. However, it may be a more acute problem in Downsview and other places.

Hon. Mr. Fulton: In eastern and northern Ontario, we attempt very vigorously to ensure the hiring, if not of francophones, then certainly of people who are bilingual. The Downsview complex is surrounded by a number of different nationalities and we attempt to address this. I cannot tell you, but perhaps Mr. Hobbs can tell you, the number of languages represented, especially the number represented in dealing with the public.

Mr. Pouliot: You are an equal opportunity employer. It would be a very small adjustment. I stand to be corrected, but there are some 400,000 people of Italian origin in Metro Toronto. Am I right or am I very much off base?

Hon. Mr. Fulton: That is close.

Mr. Pouliot: If there are 18 people there, it becomes simple mathematics. You are an equal opportunity employer. Someone should serve who speaks at least two, and in some cases three languages. It is not an acute problem but one senses a certain malaise. You have the responsibility to enhance things, to anticipate and act on the need.

Hon. Mr. Fulton: I think we are doing it but I would like to give the staff an opportunity to respond.

Mr. Smith: Mr. Pouliot, are you describing the John Rhodes Driver Examination Centre operation or the Downsview operation?

Mr. Pouliot: The John Rhodes centre; your main office.

Mr. Smith: It is our main driver examination centre in the west end of the Toronto area and beyond. The written examination is now automated in our larger centres. We provide about ten languages in an automated manner. It tends to reflect the volumes of people coming in who speak other languages. If there are demands beyond that, we will provide it. I am just talking about the written examination. We will attempt to test people who have languages beyond those in the automated system in their own language through an interpreter.

As far as the people we hire are concerned, when we have opportunities to hire people we will try to hire those who come to us with other languages. We are looking to reflect the demands. In an area that is predominantly Italian or predominantly something else, you will find that many of our people speak that language because they naturally were looking for jobs in their own area.

I cannot tell you how many speak that specific language at John Rhodes, but I assume there are several. If people come in who are unilingual and non-English, we do our best to provide somebody who can speak their language and communicate with them. As far as testing and examination is concerned, we are not concerned that it be done in English or French, but that it be done in the language of the individual if at all possible.

Mr. Pouliot: The point is very well taken. It is reassuring to hear that.

Mr. Chairman: We have three more people on the list and we do not have more than 15 minutes. Do you have a short question?

Mr. Pouliot: As to fair play, we have had nothing short of a parade from our friends, the Conservatives. The change of guard is alive and well. We have a responsibility. We have been rather silent. We have mountains of documentation to bring up, but we chose not to. We can address the minister by letter and there are other mechanisms and vehicles. I am not going to talk about the Urban Transportation Development Corp., so give me one small break and this will be my last question.

I have a final note in regard to the road program. I was hoping to leave after this exercise. Bear with me since this is my first time and, being naive, I do not always assimilate or digest what other learned and distinguished colleagues can do readily. I am very envious.

I want to focus on the other Ontario, the northern part. I did it in the lead-off. I took an hour and 20 minutes of your time. I hate to do this. I should be positive because inevitably the onus should be on the positive, but it is impossible as I want to be able to sleep tonight.

In terms of the north, a lot remains to be done. I am not talking about all the way from the shores of Hudson Bay to the riding of Lake Nipigon. In some cases, it is very difficult to believe. It is an invitation to cynicism or to make jokes when we should be concentrating on other efforts. We want to share the wealth, anything from small municipalities not getting an adequate subsidy—it is difficult when you have only a few meagre dollars because your tax base is not something

you can draw on to the same extent people elsewhere can. It is residential and small commercial. Sometimes there is no industrial base. Even with 25 per cent, even when you come in with 75 per cent or 50 per cent, it is difficult.

The former minister of Northern Development and Mines goes and gives us part of the slush fund; I mean the administration budget. Even then it is very difficult to meet the required percentage. It looks good on paper but in terms of actual dollars it is very hard for us to generate that. We do not have that capacity. We do not have the resources.

If the economy of the north is ever going to improve, it is paramount and imperative that the road system be developed. It now is very embryonic. You have done some patching, upgrading and redesignation, yet I see only some five or 10 kilometres. That is not a long distance. That is not a long way. People are for ever complaining and they are right. They are legitimate in their complaints. They believe that you can do better and that you will. They wonder if you are aware of the basic necessities of the other Ontario. It is only slightly less than 10 per cent of the population, but it is still 90 per cent of the land mass and part of that 90 per cent can be enhanced.

I leave you with this. You have heard it before. We do not want to bleat. We just want to say with all the sincerity at our command that the five-year program should not be like pulling teeth. It should not be a hazard. It is something you have a commitment to do and it is something you should do to enhance the life of northern Ontario because we have given an awful lot to the south. Let us make no mistake about it. We are asking for reciprocity in this affair. We look forward to your directive.

Hon. Mr. Fulton: I appreciate the comments of the member. I am not sure what he is reading from there, but there are a number of projects, however they are being funded. In most cases, it is substantially by the provincial government. There are a number of projects, many that were ongoing when we assumed the office, and we are keeping up those schedules.

I am thinking of projects in North Bay, which is the gateway to the north. I recognize that. We have done some work in the New Liskeard area. We are working with the city of Timmins. We have done some work on a road in and around, from or to, Hornepayne. We are looking at some work on Highway 599 up in the Pickle Lake area. We are looking at the road you brought to my

attention into Manitouwadge. I have already asked the deputy minister about that. We are looking at continuing, not four-laning but adding passing lanes, on Highway 69 to get people to and from the north.

We are looking at improvements on Highway 17. We mentioned this before. This is a major undertaking. There are already two levels of approaching that. There are the immediate needs and then there is the long-term need to be approached, it is to be hoped, in co-operation with the federal government. We were up to Ignace recently to address a scenario that it had tabled with us. We are working in the Sault Ste. Marie area to resolve a long-standing problem of the Highway 17 four-laning around the Garden River Indian Reserve. I think we are fairly close to a solution there at last, after many years.

We are actively resolving long-standing problems with the long haulers in the city of Dryden. We are close to a resolution of similar problems with trucks in the city of Kenora and with the ongoing and very expensive work of the continuation of the Kenora bypass. There is further work being carried on in the Fort Frances area. There are many others, but those come readily to mind. We have done extra supplementary funding to places like Ear Lake and Red Lake, not to mention the airports in remote fields.

16:20

Physically and financially, we have demonstrated our recognition that while the north may only comprise 10 per cent of the population of Ontario, it shares an equal role with this government. We have made that commitment and will continue to do so.

Mr. Stevenson: Unfortunately, the time is not going to allow discussion of a couple of the items I want to raise. My main interest is the east-west highway south of Lake Simcoe, which involves traffic from the ridings of Mr. McCague, our chairman, Mr. Rowe, Mr. Sorbara, Mr. Eakins and myself. East-west traffic through that area has difficulty getting through, as does the east-west movement of the main north-south traffic for commuters and weekend travellers.

We have Highway 404 coming up to Davis Drive soon and increasing traffic on Highway 48 in the Sutton area, causing major problems in trying to deal with that. I notice a committee has been set up to look at alternatives to the Holland River crossing. The release that hit the local paper suggested Highway 404 might well be taken across the Holland River. Is that one of the options you are exploring?

Hon. Mr. Fulton: I do not think it applies to Highway 404, although I hear some of the local people would like to have 404 fly over to Don Mills and carry on. Then a northwesterly extension is a possibility. There was an article in the press at the time of the announcement. Other than yourself, I have not heard from any of the other members as a result of that announcement.

You mentioned correctly that we have a committee, and we have had a number of people from the region and the municipality in my office to discuss the alternatives. Ravenshoe Road plays a major part in that. Some major projects have to be undertaken there. There is a grade separation and a bridge that would have to be dealt with. There is a fair amount of cost involved, but negotiation and consultation with the municipalities are going on smoothly in a progressive manner. We are going to be able to resolve the roads needs of that part of Ontario.

Mr. Stevenson: Is there any chance that the Keswick to Sunderland portion of that road, which has been approved, could be built while we look for an environmentally acceptable method of going west from that area?

Hon. Mr. Fulton: Is this the stretch you mentioned that includes Virginia?

Mr. Stevenson: No, that is a subsequent problem. The east-west traffic through there is so heavy that it is causing troubles on Highway 48 through the Virginia area. We are having considerable problems making left-hand turns on some of the beach roads. The major concern is at Morning Glory Public School with the increasing flow of gravel trucks through that area. Excessive passing on the shoulders is done routinely by trucks, and there is heavy car traffic and people trying to make left-hand turns. That is something you will have to look into.

Time is passing quickly and people are looking around, but I suggest you put considerable emphasis on that. As Highway 404 goes north, I believe the impact on the area will be very significant. You cannot ignore the problem, or it will be almost worth your life to go on Highway 48.

Hon. Mr. Fulton: Staff have made note of your concern. I had earlier seen either in the press or in a letter from you a problem related to the village of Virginia. We will be happy to take a look and see what we can do to accommodate the motorists in that area.

Mr. Davis: I will be as quick as I can. You are aware of the problems—

Mr. Chairman: I draw your attention to the clock.

Mr. Davis: How long do I have, a minute?

Mr. Chairman: Go ahead.

Mr. Davis: You are aware of the problems of the noise factor of the light rail transit in Scarborough which is affecting the people on the line. You are also aware that the solution appears to be the erection of a sound barrier. Is it your intention to provide the additional funds the Toronto Transit Commission will need to erect the barrier and eliminate the problem for the people whose backyards are on the rail line?

Hon. Mr. Fulton: I am not sure that a sound barrier is the solution, as we have discovered with some sound barriers along the major highways. They do not really solve the problem.

The problem has been the braking and the wheels, in that combination, and the effect on the trackage, and further, the very limited ability of the car or truck to make the turn at Kennedy Road. The TTC has been on top of this for a long time, as you well know.

They have recently hired a firm of consultants to take one more in-depth look to see what they can do to resolve the noise. They have come up with some solutions in the past which have helped the levels in finding the source of the flat-wheeling, grinding the track, discovering some of the inherent damages in the short-turning of the vehicles at Kennedy station and coming up with solutions.

Until that report is in, and it is supposed to be made available pretty soon, we do not want to go ahead with berming, landscaping or some other form of sound barrier. The problem was not there to any excessive degree in the beginning. It seems to be something that has happened as a result of the ongoing maintenance of the vehicles. It may be due to the fact that they have a man operating what is supposed to be an automated system. There are a lot of things involved besides planting trees or putting up a wall.

I do have a petition and a request from one of the ward aldermen and I am very much aware of the problem. We will work very closely with the consultants, the TTC and representatives of Scarborough council.

Mr. Davis: I have a second quick question. In September 1985, you said you would review thoroughly the concept of seatbelts on school buses. More than a year later, I am not aware that you have commented on this highly sensitive issue. A task force will make a report to you

about school-bus safety, if it has not done so already. Will the minister please indicate his views on seatbelts on school buses and also ensure that his ministry will move quickly to provide us with a policy on this issue and on the issue of school-bus safety?

Hon. Mr. Fulton: As a former chairman of the board of education, I appreciate your leadership in this field. It is an area that concerns us because it involves our children, our greatest natural resource. As you are well aware, the federal government is conducting a series of studies, as it does in matters of this nature, to determine in what quality or calibre and in what form a seatbelt is effective, or whether other built-in safety devices are of greater advantage to children.

I do not know whether the Scarborough Board of Education ever mandated seatbelts, lapbelts or others in its school-bus fleet. It is a matter we are actively working on. We expect the report from the federal government in the early part of the new year. We conduct some of our own research and hope when there is a solution, it will not create more harm than it solves. Then we can proceed to see whether we will mandate seatbelts in school buses.

Mr. Chairman: There is only one thing left. Minister, you agreed to answer some questions for Mr. Gregory but time is up. I am sure that disappoints you greatly, but maybe you will undertake to discuss the questions with Mr. Gregory afterwards or to give him answers.

Hon. Mr. Fulton: I did agree and I have the answers to the nine questions. I am quite willing to spend five minutes to get them on the record and give him or you the copy.

Mr. Chairman: The copy will suffice, because our time is up except to call the votes.

Hon. Mr. Fulton: Mr. Gregory and Mr. Pouliot, I will table this with the clerk, now that we know who the clerk is.

Mr. Pouliot: It is in good hands.

Hon. Mr. Fulton: It has been a very informative afternoon.

Mr. Chairman: I was impressed by the amount of time the members spent reading what you had printed for us. We will now go through the votes.

Vote 2601 agreed to.

Supplementaries to vote 2601 agreed to.

Votes 2602 to 2609, inclusive, agreed to.

Mr. Chairman: This completes consideration of the estimates of the Ministry of Transportation

and Communications. Shall I report the estimates to the House?

Agreed to.

Mr. Chairman: That concludes your visit with us for this year, Minister. Thanks to you and your staff.

Hon. Mr. Fulton: It has been a pleasure.

Mr. Gregory: We forgot to reduce the minister's salary to \$1.

The committee adjourned at 4:32 p.m.

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No. G-7

Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Industry, Trade and Technology

Second Session, 33rd Parliament
Thursday, November 6, 1986
Morning Sitting

Speaker: Honourable H. A. Edighoffer
Clerk of the House: C. L. DesRosiers

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday, November 6, 1986

The committee met at 10:16 a.m. in room 228.

10:31

Following other business.

ESTIMATES, MINISTRY OF INDUSTRY, TRADE AND TECHNOLOGY

On vote 2001, ministry administration program:

Hon. Mr. O'Neil: Everyone in the room knows Mr. Lavelle, who came on as the deputy minister in the early part of 1986. I am very pleased to have him with us. I would also like to introduce Mr. Bronskill from the ministry, who will also be assisting me.

It is a pleasure for me to present the 1986 estimates for the Ministry of Industry, Trade and Technology. This is more than simply a review of the activities of my ministry over the past year. It represents a new direction, a new strategy intended to put Ontario into the forefront of domestic and international business development.

In the past, most of the energy of this ministry was placed on manufacturing. We have taken new efforts to broaden our scope to all sectors of our economy; to include all distributors, whether in manufacturing or in services, small and large business; and to extend our economic development policies and programs more evenly on a regional basis.

The programs and policies my ministry has developed over the past 18 months are a direct reflection of the mandate and priorities announced by the Premier (Mr. Peterson). They also incorporate the expertise and the concerns of business, labour and the academic community, as well as other government ministries. Perhaps most important, they recognize the reality of today's business development climate: the need for community-based regional development, equal opportunity for all Ontarians, international marketing expertise and focused, reasoned support by this government to achieve these goals.

In developing programs and policies, we have sought to harmonize and complement our efforts in every facet of my ministry: in industry, trade and technology, small and large business, service and manufacturing.

We are concentrating on broadening and increasing the competitiveness of the industrial base in all parts of the province through programs like the computerized Ontario investment network, new ventures, the Ontario Development Corp. and Innovation Ontario. We are also working extensively with foreign investors who are looking to work with Ontario industry through direct investment, joint ventures and licensing agreements.

We recognize the reality of today's international exporting community and we are working with our manufacturing and service sectors to increase our trade opportunities throughout the world. Many of our new trade programs and policies are aimed at developing our markets in the emerging Pacific Rim countries. My international trade missions, and those of the Premier, have contributed to Ontario's increasing presence on the international scene.

We have intensified our technology development efforts through the Premier's Council, through our innovation centres and by working directly with the academic community to speed up our technology development expertise, recognizing that much of our future international trade will come from manufacturing and service industries based on skills, knowledge and innovation.

We have set our sights beyond our borders. We recognize the great potential benefits of concerted and co-operative efforts focused on the diffusion of technology, the need to apply technology to remain competitive, the creation of jobs, the strengthening of our ability to compete on a global basis and the need for better and stronger linkages between customer and supplier firms to both modernize and achieve greater productivity.

Before I present the activities of the various areas of my ministry, I would like to give an overview of where Ontario's economy stands at the moment. I am pleased to report that the Ontario economy is healthy. However, that does not mean that we are unconcerned about the future. The need to build a world-class competitive society is the first priority of this government.

In 1985, the average annual rate of economic growth in Ontario was approximately 4.7 per

cent, almost one full percentage point more than the national rate. This growth rate was achieved in the face of a decline in the growth of 1985 real volume of world production, pegged at only 2.9 per cent more than the previous year.

In a period where economic development is a difficult achievement at best, Ontario industry has risen to the challenge with some obviously impressive results. The provincial record on job creation has also been better than the national performance. From September 1985 to September 1986, there were approximately 150,000 more workers employed in Ontario industry. That compares favourably with the previous year.

Ontario's seasonally adjusted unemployment rate of 7.1 per cent in September 1986 is down one full percentage point from the previous year. The national seasonally adjusted rate was 9.5 per cent last September, so Ontario's performance continues to outpace the rest of the country. This is still too high, particularly when you consider the continued severe unemployment in the north and other regions. However, many of our policies and programs are designed specifically to deal with this disparity.

Continued economic growth will result in further employment creation and a falling unemployment rate. As my colleague the Treasurer (Mr. Nixon) indicated in his estimates recently, the Ontario economy is expected to create an additional 114,000 jobs in 1987. The unemployment rate is expected to drop to approximately 6.7 per cent as growth in employment outpaces increases in the labour force.

Overall, we have increased jobs by increasing the government's emphasis on investment, not only in the manufacturing sector but also in services, small business and other important areas of the Ontario economy.

Our exports are doing well. Ontario exports to all parts of the world totalled \$47 billion from January to August 1986. That is significantly better than the 1985 January to August performance of \$38.5 billion. In the first eight months of 1986, our exports to the US totalled \$32.6 billion.

Ontario is Canada's number one exporter. In the past year, Ontario accounted for nearly 60 per cent of Canada's exports to the US and more than 50 per cent of Canada's sales to the world. As you can see, our performance has significantly improved, and I think we can attribute a good deal of that success, and the confidence that is once again emerging in our business community,

to many of the programs developed by this new government.

In the past 18 months we have been faced with the job of examining and restructuring policies and programs that had been in place for decades and we have taken a number of new initiatives. After all, Ontario is facing a restructured global marketplace.

This government saw the need for immediate and decisive redirection. We faced up to the challenges of change and we confronted the challenges of industrial and economic development head on. From the very beginning, we sought the opinions and suggestions of a wide range of Ontario interests and, when possible, we incorporated the reasoned, logical aspirations of many segments of Ontario society.

10:40

Our industrial strategies will bring government, labour, management and the academic community together to work as a team; it will embrace the technologies and processes that will ensure our competitiveness, both domestically and in world markets, and we will make the adjustments that have to be made in those programs.

A great deal of debate recently has centred on the role of government in the economy and government involvement in domestic and international business development.

Along with my ministry officials, I spent much of the past few months meeting with the major industrial and trade groups representing all areas of the Ontario economy. Some very interesting conclusions were drawn during those meetings which I will discuss later. Equally interesting, however, were the candid comments on how industrial sectors perceive the role of government in Ontario. It was refreshing to reaffirm what I have long known, that Ontario's industrial sectors are prepared to work co-operatively and in partnership with this government. That makes all our jobs easier.

With these goals in mind, we are forming an advisory committee comprising top sector officials to work with us in developing policies and directions that will strengthen that co-operative partnership. I believe the consultation process can provide a strong foundation for the kind of industry-labour-government partnership we will need in Ontario as we work to meet the challenges that face us. Industry sectors also see a real need for measures to help existing Ontario businesses become more competitive by applying and adapting technology that already exists,

and by developing processes, products and markets.

My ministry is pursuing several avenues to address these concerns. One of our main areas of focus is on supplier development, ensuring that Ontario's larger firms involved in modernization efforts have direct access to supplier networks throughout the province. We currently work closely with a cross-section of firms already involved in close co-operation with smaller suppliers. By doing this, we can develop case studies that identify the key requirements for success.

Based on this, we can develop specific programs using the resources of my ministry and others to provide effective assistance to supplier firms across Ontario and to permit them to take advantage of opportunities for modernization.

In order to address these changing issues, my ministry has been involved in a major reorganization effort, an effort that has been ongoing since early this year. The initial realignment centres on the area of policy and technology, linking two critical areas of my ministry. David Redgrave will act as assistant deputy minister in this area. We have also appointed David MacKinnon who will oversee the revitalization and reorganization of the Ontario Development Corp., a process that is well under way.

The final changes announced just two weeks ago touch on other divisions of my ministry. In particular, the changes allow for the effective expansion of my ministry's role in northern Ontario, small business and the service sector.

Briefly, we have created two new divisions.

Small business, services and capital projects will be headed up by David Girvin, who until recently was my assistant deputy minister of industry. This is a major priority within my ministry, to create stronger linkages with the business sector and to enhance the role of small business in the economy. This division will work closely with my parliamentary assistant, Rick Ferraro, and the committee of parliamentary assistants, which has done an outstanding job on behalf of small business.

Jim McClure of Algoma Steel will take over the new northern industry division, which will increase the impact of my ministry in the north through our domestic offices, the Ontario Centre for Resource Machinery Technology and our innovation centres. As you know, the ministry organized the successful northern competitiveness conference which attracted close to 400 delegates to the Sault.

We have also merged parts of the industry and trade divisions under the assistant deputy minister, industry and trade expansion, which allows us to restructure our international marketing and international offices branches on a geographic basis: the US and Latin America, Europe and the Middle East, and the Pacific Rim.

The Ontario International Corp., which assists and supports Ontario industry to participate in product and service exports for capital projects throughout the world, has also been revamped to expand its market development and market penetration assistance programs.

I believe these changes will help my ministry to position itself better in both the international and domestic marketplaces and to fulfil its key role in the development and implementation of government policy.

This reorganization is in direct response to promises made in the speech from the throne on April 22. In it, we committed to developing programs which would make Ontario a world-class competitor, to supporting Ontario's service sector and to encouraging and developing small business and entrepreneurship.

Encouraging investment in Ontario business is central to our success in increasing economic growth and domestic and international trade. In this respect, industry and investment become intricately entwined; one complements the other and the success of one will have a lasting and determining effect upon the other.

In fact, business investment in plant and equipment is expected to be a major contributor to growth in Ontario in both 1986 and 1987. A strong competitive position, improvements in corporate balance sheets, the recovery of corporate profits, improved business confidence in the sustained expansion of the economy and declining interest rates have combined to create a favourable climate for investment.

As I see it, my ministry has several responsibilities in the area of industry and investment.

We must not only attract investment to our province from both domestic and foreign sources, we also help Ontario small business and entrepreneurs to get off the ground. We must continue to attract the Toyotas, the General Motors and the Suzukis of the world. We must also maintain strong regional economic policies, support all communities and continue to develop the north and the east.

In my extensive discussions with small and large business operators throughout the province, one point was constantly raised, and that was the need for a positive business climate, one

that favours investment. This government has always shown a strong commitment to create an environment in which small business can thrive and emerging business can move towards its full potential.

To further aid the development of small business, my ministry has supported the establishment of the computerized Ontario investment network, or COIN, in conjunction with the Ontario Chamber of Commerce, to address the equity gap that exists for small businesses.

COIN is an excellent example of co-operative partnership between this government and the private sector. It will link potential investors with entrepreneurs in need of money and will operate through 160 local chamber offices that will process and match applications through a computerized database of entrepreneurs and investors whose needs are compared against a standard set of criteria. The names of entrepreneurs and investors will be added to the database through application or through referral by a network of bankers, lawyers and accountants, in addition to local chambers.

We believe this community-based network can be instrumental in attracting investment capital from both foreign and domestic sources. COIN complements the province's existing small business programs. In particular, it will facilitate the flow of equity capital through small business development corporations into small businesses.

One of the most recent initiatives that has emerged from the work of the committee of parliamentary assistants, headed by my parliamentary assistant, Rick Ferraro, is the new ventures program under which the government will guarantee loans of up to \$15,000 to new business owners. Financial backing, or collateral, is often one of the essentials new businesses lack. Entrepreneurs with fresh, creative ideas find it difficult to get loans unless they have a financially healthy co-signer. If they are young people or women with no track record, their chances of getting the necessary startup funds are even slimmer.

New ventures will provide improved access to capital for these new firms, firms which are so rich in job creation, but poor in collateral. This is the first time the provincial government has ever provided financial assistance equally to all business sectors; a point that is essential to the success of this program. The business must be new and it must create at least one additional job. The entrepreneur must invest funds equal to the amount of the loan, up to \$15,000.

Because entrepreneurs in northern and eastern Ontario are only required to match 50 per cent of the government funds and because repayment schedules will be made easier to allow them a greater opportunity to get off the ground, we believe new ventures will boost business even further in these areas.

Five major banks and one trust company have agreed to participate in this loan program. In this way, the lenders will become closer to their client base and, in the long term, be more receptive to working with small business owners, particularly in nonmetropolitan regions.

10:50

In particular, I believe new ventures will be a boon to women and young people. Last year, Ontario women entrepreneurs started their businesses with an average investment of \$11,000, most of which came from their personal savings. Approximately 60 per cent of these women started service-oriented businesses which traditionally lacked collateral and faced real obstacles to getting conventional financing. The new ventures program will improve their negotiating position with the lenders.

We estimate that the new ventures program will assist 4,000 firms in its first year and that it will stimulate more than 60 million dollars in new small business lending in the province. If we achieve that, we will be able to create an additional 14,000 jobs throughout the province.

In an effort to broaden the industrial base of northern Ontario and make the economy more stable, the ministry is developing an approach that will bring together a number of measures to promote the competitiveness of the north. As an initial step, we created the new position of assistant deputy minister for northern industries.

On behalf of the Premier, we also organized a conference in Sault Ste. Marie on Monday and Tuesday with northern Ontario labour, education and business people and other community leaders. This was the first step towards improving the business climate to encourage northern industry, not only to respond to challenges, but also to seek out opportunities.

We believe the competitiveness of northern industries is the key to Ontario's sustained economic growth. We also believe that solutions for the north have to be found in the north. This government is pursuing that effort through a number of initiatives such as the appointment of eight northern development councils, through the relocation to the north of several provincial ministry operations and the establishment of a centre for excellence in mining and mineral

production in Sudbury. These initiatives and others were announced during the summer and early fall and represent elements of a new beginning in the way economic development and diversification are fostered in the north.

This week's conference was a major step in linking the best of industry, labour and government to identify competitiveness issues and opportunities, and to improve community resources to strengthen the competitiveness of existing industries and attract new, competitive industries to the north. I am sure we will be hearing much more of the accomplishments of this new thrust in the coming months.

On the trade front, a series of measures were unveiled to assist the province's drive to become a leading international competitor and to attract new investments through direct investment, joint ventures and licensing arrangements. We are forging closer links with the fast-growing Pacific Rim countries through the introduction of such programs as the Pacific Rim outreach program and the capital ambassadors program.

The Pacific Rim outreach program will allow graduates and commercially oriented young people the opportunity to learn business practices and improve their language skills. The capital ambassadors program will sponsor young engineering and consulting graduates from Pacific Rim countries to come to Ontario and receive training with provincial firms.

Responding to changes in the business immigrant program announced by the federal government, the province has agreed to a new investor category of immigrant in addition to the existing self-employed and entrepreneur categories. This admission criterion for the investor category removes the requirement that the individual be actively involved in the day-to-day management of the subject enterprise.

These measures, as well as the excellent work done by my ministry's 13 international offices, are paying big dividends.

I was particularly pleased with the coming together of two strong industrial companies from two very different cultures. General Motors and Suzuki are joining forces in Ontario to undertake a major investment which will provide Canadian companies with millions of dollars of new orders and thousands of new jobs, both directly and indirectly.

This plant alone will create 2,000 direct new jobs in Ontario, adding to the announced \$2 billion GM is investing to upgrade and secure the future of its Oshawa operations. These moves are indicative of the confidence General Motors has

in the Ontario economy, especially in its Canadian employees. It is clear that GM recognized that Ontario is simply a very good place to invest and expand.

The automotive industry is regarded as an important source of technological leadership, but there is more to developing a world competitive automotive industry than technology. International trade and co-operation are further crucial elements. This joint venture is a good example of what business, labour and government can accomplish when they work together in a co-operative and imaginative mode.

I am very pleased that the assembly operation will not simply involve the final assembly of parts and components that are produced in offshore locations. General Motors and Suzuki have committed themselves to meeting auto pact status within two years of production startup. My government supports the concept that all vehicle producers should make similar commitments to the creation of jobs and to production in this country. Ontario suppliers will be able to compete for and obtain contracts to supply parts and components to all operations. This is good news for Ontario because the economic activity it will generate will be felt and enjoyed throughout the entire economy. It will also serve as a major demonstration of what international co-operation can achieve and as an example of the competitive strengths that exist within the Ontario economy.

My ministry is currently modernizing and updating the Ontario Development Corp. The need to change was apparent. In recent years the economic environment has changed more quickly than the ODC has been able to respond. There have been advances in financial products and services, increasing concerns about regional growth, changes in patterns in economic growth and increasing concern about filling gaps in high-risk lending and investments. The reorganization and resultant changes will provide a more tightly focused financial services operation active in small business lending, early stage equity investments and industrial park management. Part of these changing needs are reflected in the expansion of ODC. Others, as outlined in the 1986 budget, will include providing preventive capital to small businesses and high technology, and broadening ODC support to include service industries.

As members of the committee know, we wound down the operations of the Innovation Development for Employment Advancement Corp., which came under the jurisdiction of the ODC at the end of June 1986. The reasons behind

this were many, but primarily there were conflicts with the private sector venture capital community, investments in inappropriate large-scale syndications and questions about the location, style and accountability of the corporation. We wrestled with this problem for some time and, in my view, the IDEA Corp. was an unfortunate experience for the people of Ontario. Clearly, a more direct approach was needed.

The Innovation Ontario Corp., therefore, became a key player in our drive for new technology development success. The corporation, affiliated with the Ontario Development Corp., will offer financial and other assistance for technology projects not yet developed enough to attract conventional investment.

The corporation has five objectives: the stimulation of technology-based enterprise in Ontario by providing financial, technical, managerial and marketing expertise; the development of enterprises to a stage where they can attract venture capital and other investment; better commercialization of high-technology products, processes and services; increased acquisition and development of technology products by Ontario firms; improved transfer of innovation and technology through better access to technical and market information.

Initially the corporation's mandate is to provide financial assistance and advice to help investors and entrepreneurs develop their products to a stage where private sector venture capital can be attracted. It also offered clients information on patents, market conditions and new technical developments. Innovation Ontario will fund the development of more domestic suppliers to meet the public sector's needs for new technology products and it will work to increase that sector's use of these products.

We will continue to monitor the corporation's progress. We will assess the number of firms assisted, the number of licensings and joint ventures and the number of products and services successfully marketed. We will also measure the number of suppliers assisted in developing products that meet public sector needs and clients serviced with technical, market and patent information.

11:00

Before outlining my ministry's work in improving Ontario's trading position, I would like to spend a few minutes discussing the federal government's bilateral trade initiative. The Ontario government has been actively involved in examining the problems and opportunities asso-

ciated with this trade initiative. Allow me to detail the work that is currently under way.

We have established an interministerial committee under the chairmanship of the Deputy Minister of Industry, Trade and Technology to develop the province's position on matters concerning the trade negotiations. This is in conjunction with Bob Latimer, who represents Ontario at the continuing committee on trade negotiations. As well, a working committee of assistant deputy ministers has been charged with developing proposals on the various issues associated with the discussion. In particular, the ministry has initiated consultations with numerous business organizations to solicit their views on trade negotiations. We expect to meet with 45 organizations before the end of the year and the consultations will be completed early in 1987.

The ministry is also undertaking a number of background studies on issues related to the trade talks. All proposals are forwarded to the deputy ministers' committee. As is readily apparent, the province is undertaking a tremendous amount of work to ensure the interests of Ontario are protected. We are not opposed to the free trade talks between Canada and the United States. The government of Ontario has consistently remained open-minded on the issue. However, we have taken a tough stand on our objectives in these talks. The province must be involved in the decision-making and ratification process. Indeed, the United States has sought assurances that the provinces will be bound by any agreement. Because of the nature of these discussions, a successful US-Canada treaty will require the agreement of the provinces. Many of the items under discussion fall within the jurisdiction of the provinces.

The province has consistently requested that the federal government outline its approach to provincial involvement in any trade arrangement. This issue must be resolved before any major agreement can be reached with the United States. A second key objective of the province concerns the required adjustments that will inevitably result from any new trade arrangement.

The federal government must ensure that there are adequate programs and policies in place to help individuals, communities and industries adjust to the changed trading circumstances. Because many of these programs will be targeted to specific sectors, it will also be necessary to ensure that they do not become the subject of countervail actions in the United States. Many of the benefits presumed to derive from a free trade

agreement are based on significant increases in capital investment. However, it may be necessary to build in certain provisions to help ensure that capital investment occurs. For example, such provisions have been established in the US-Canada auto pact.

Another key issue in the successful negotiation of a comprehensive trade agreement is the reduction of interprovincial trade barriers to commerce. Logic suggests, and the US is demanding, that these barriers should be eliminated prior to the implementation of any Canada-US agreement. Ontario has pledged to work towards reducing these barriers. Some progress has already been made, as evidenced by commitments made at last summer's meeting of first ministers and economic development ministers.

The current negotiations must also be viewed in the context of rising protectionist pressures in the United States, despite the commitment by President Reagan and Prime Minister Mulroney to reach a standstill on trade negotiations.

We regret very much the US government's recent determination to impose countervailing duties on Canadian softwood lumber exports. This affects an estimated \$600 million worth of Ontario softwood lumber exports. We will continue to pursue vigorously all avenues for fending off this unjustified attack on fair trade. US Department of Commerce officials are in the process of verifying their case on softwood lumber following their preliminary decision of last month. My ministry's officials are working closely with their counterparts in other provinces to ensure this legally flawed judgement is reversed.

Staff from my ministry and the Ministry of Natural Resources are participating in regular meetings with the federal and other provincial governments to develop a co-ordinated national strategy to fight this decision. As well, we have held meetings with representatives of Ontario forest industries to ensure their interests are represented. Another meeting is scheduled today. My colleague the Minister of Natural Resources (Mr. Kerrio) is in Washington along with other provincial ministers and the federal trade minister, meeting with US Secretary of Commerce Baldrige to express our deep concerns over the International Trade Commission's ruling. We will continue to vigorously oppose this decision.

We also regret the US congressional action, which saw both the House of Representatives and the Senate pass legislation that allows the US customs service to charge an import surtax on all

imports entering the US for a period of up to three years. As I indicated in my statement to the House on October 22, these actions should be interpreted by all Canadians as nothing less than a further protectionist barrier to Canadian exports. I have raised my concerns with the federal Minister of International Trade. I fully support the federal government's initiatives to have this trade action reviewed by a General Agreement on Tariffs and Trade panel.

As well, there are several other trade irritants that are of concern to my ministry, including steel, cement and telecommunications equipment. We will continue to defend the interests of the province's businesses in these areas. These protectionist actions emphasize the need for Ontario to reduce its reliance on the United States as a primary recipient of Ontario's exports. That is why we have stressed how important it is for the governments of Canada and Ontario to pursue vigorously other mechanisms to expand our market access and enhance our international competitiveness. The recently initiated GATT round of multilateral tariff and nontariff barrier negotiations represents an important opportunity for Ontario to do just that.

The international economy is undergoing profound and rapid changes. We are witnessing the rise of the Pacific Rim and newly industrialized countries as formidable powers. At the same time, Ontario's traditional trading partners and competitors in the United States and western Europe are emphasizing trade in high-technology goods and services.

Trade in services is crucial. Technological advances and the overall growth in international markets have opened huge new areas in the service sector to international trade. Our financial, consulting and engineering service firms, as examples, now must compete in an international marketplace. Excellence is defined on a world scale. In this environment, Ontario cannot afford to stand still. If we do not export, we are in trouble. Directly and indirectly, half of Ontario's jobs in the manufacturing sector depend on our export success.

Traditionally, we have been reliant on resources, but trade today no longer favours resource-rich countries or provinces. Our trade in resources is decreasing while trade in goods and services is strengthening. This is where our new opportunities are. Ontario industry must know what is going on out there at a time when the global economy has entered an era of unprecedented change. This change demands that government

and the private sector, in partnership with one another, develop overseas markets.

The largest market for Ontario exporters is the United States, which accounts for 90 per cent of our total exports. We are well aware of the challenges of doing business in the US right now. With the US trade deficit heading for a record US\$160 billion to US\$170 billion this year and the mid-term elections that saw a Democratic Senate voted into office, the mood of protectionism remains strong. We will continue vigorously to pursue all avenues to investigate unjustified attacks on fair trade.

The US is, and will always be, our largest market. However, Ontario's position is that we should be working more aggressively towards greater market diversification. Trade statistics indicate we have a long way to go. For example, the United States, Europe and Japan sell between 30 per cent and 40 per cent of their exports to Third World countries. Canada sells less than 10 per cent. In 1985, Ontario enjoyed only a 0.3 per cent share of the Asia-Pacific nations market, yet this is the fastest-growing market in the world.

We have to realize that there are customers outside the United States who want and need Ontario products and we have to realize that there are a great many products and services we can export other than those that are auto-related. When you take away the auto-related exports we sent to the US, it amounts to only \$29 billion in trade. That is out of a total of \$54 billion we exported to the United States in 1985. We have to develop an export culture. By that, I mean we first have to recognize the enormous reliance our economy has on exports and then we have to educate our business people to take advantage of export opportunities. I think that is happening in Ontario. For example, the recent export opportunities conference attracted more than 650 people. That is encouraging but we still have a lot to do.

11:10

This government is working to forge stronger investment, trade, technological and cultural links with Pacific Rim nations such as China, Japan and South Korea. Premier Peterson's recent trade, investment and joint venture mission to Japan, South Korea and the People's Republic of China marked the solid beginning of that long-term commitment. For the first time, an Ontario delegation was accorded official status in all three countries. The talks that followed with heads of government and senior cabinet ministers were very encouraging for Ontario's trade and investment prospects.

The Japanese interest in strengthening economic ties with Ontario was overwhelming. Nearly 400 leading Japanese business executives attended a seminar on trade and investment that I held at the end of September in Tokyo. This interest was underlined in our meetings with the president of Toyota when we finalized an agreement that the company will spend up to \$120 million a year on Canadian-made parts for its Cambridge operation by the mid-1990s and will move to auto pact status.

In Nanjing, China, we announced an agreement that will see Phoenix Geophysics Ltd. of Markham provide the technology to assist the Chinese in their search for new supplies of oil. In addition, Ontario Hydro will participate in a \$5.5-million technical study in southern China.

Our meetings in Tokyo saw joint venture agreements signed between Tridon and Nichirin Rubber, and between Magna International and Fuji Tool and Die. These two agreements alone will create 300 jobs. We were also pleased to announce a joint project by TRW Canada and Tokai Rika Co. Ltd. to build a new auto plant in Ontario that will create 128 new jobs by 1989. Yazaki Sogyo, another Japanese company, will build a plant in Barrie to manufacture speedometers.

You can see that Ontario will undoubtedly benefit in the months and years ahead from our efforts in the Pacific Rim. In support of that effort, the government is taking several more steps. These include the appointment of Tim Armstrong as Agent General in Tokyo responsible for the Pacific Rim, expanding our network of 13 international trade offices to include one in Seoul, South Korea, headed by Ray McCague, and establishing a science and technology centre in China.

We have also put together a directory of interpreters and translators for Ontario exporters. It will assist Ontario companies to deal with their international customers in their respective languages.

Another market showing great promise is India. In September, I led a trade mission to India with 21 Ontario companies to consolidate and expand our collaboration with Indian companies. India is a vast and growing market. It may be complex but it is gradually becoming less regulated. The country's seventh development plan offers numerous opportunities for Ontario business people to work with companies and government agencies there.

I am the first to acknowledge that it is not easy to gain a foothold in overseas markets, but I can

tell you that Canadian companies are well received. That is a testimony to the work we have been able to do over the past 18 months as well as to the continuing goodwill and high-quality products and services that are a hallmark of Canadian exporting.

Technology: Ontario has not kept pace with advances in product and process technologies and this has reduced our ability to compete effectively in world markets. If Ontario industry ever hopes to expand its export markets, and even to continue to compete domestically with foreign suppliers, we must embrace new manufacturing technologies. Technology, in partnership with well-trained people, is the driving force behind an effective approach to improve our competitiveness.

Ontario's performance in technological innovation has produced some notable successes, but this is not enough. If we are to open up jobs and opportunities for Ontarians, we must co-ordinate and target these efforts to accelerate growth and bolster their commercial impact. Perhaps the most progressive step we have taken to further Ontario's technological development is the Premier's Council that involves the private sector in decision-making to support long-term growth.

We brought together leaders of business, labour and post-secondary education to form this council. Together, they will work with our government to develop strategic directions for the Ontario economy. The council is also charged with managing a \$1-billion technology fund to support, complement and encourage science and technology research in the private sector and in post-secondary institutions.

The council will identify how we can best support business and university technology development by way of shared financing. In this way, government efforts will respond directly as a catalyst to stimulate joint ventures in strategic fields. We have given priority to co-operation with post-secondary schools that demonstrate effectiveness in basic research and success in securing commercial contracts in applied research.

The council is in a position to act as a champion of entrepreneurship and innovation across the province and to guide Ontario's technological development for the next 10 years. It will steer Ontario into the forefront of economic leadership and technological innovation.

My ministry has established 22 innovation centres or post-secondary institutions from Queen's University in Kingston and Sir Sandford

Fleming College of Applied Arts and Technology in Peterborough to Centennial College in Toronto and Sault College in Sault Ste. Marie. The program has a lifespan of three years which will give us the opportunity to track its success and to seek alternative avenues, if necessary.

We hope these innovation centres not only encourage greater interaction between the post-secondary institutions in the private sector, but also enhance the commercialization of products, processes and services and lead to the formation of viable companies operating in the high-tech field.

My ministry also sponsors seven technology centres to focus on practical opportunities for product development, productivity and quality improvement in Ontario's key industries. These centres provide business with services to take advantage of new technologies through information, demonstrations, consulting, training and awareness activities.

My ministry is currently reviewing how best to enhance the efficiency and effectiveness of technology centres in order to meet the government's economic development objectives. In that review, we will work closely with the manufacturing and service sectors.

In conclusion, our efforts during the past year have been extensive and, I believe, significant. The key to the success of many of the programs we have implemented is co-ordination and partnership.

There has been successful co-ordination of total government efforts, from closer co-operation between other government ministers and me, from the committee of parliamentary assistants for small business, from ministry staff who are dedicated to working with industry and from staff of other ministries. There has also been successful partnership among government, business and labour, from honesty and dedication of purpose during in-depth, candid discussions with private sectors and from closer ties with union leaders in all industries.

We have made significant strides. Perhaps most significant is the understanding of all partners involved that we are in this together and that while each may have specific concerns, our goals are similar.

This past year has seen Ontario open up to the world. The Premier's Pacific Rim tour is historic in its long-term implications and successful in raising the profile of Ontario among the world's leading trading nations. I have also had the opportunity to spread the good word in the Pacific Rim, in India and in Europe. If there were

underlying constants that I perceived in each of my international visits, they were that Ontario industry, its goods and services, are respected and sought after and that Ontario is seen as a strong, viable and desirable investment destination.

I have also had the opportunity to sit down with industry leaders on a one-to-one basis and to discuss their problems at the grass-roots level. These discussions have already led to many new programs designed to confront specific problems. They will lead to many more.

We have also been able to review existing programs and modernize, reorganize and restructure many of them. Those reviews are ongoing, and with our goals firmly set, we will be able to continue to deliver our programs by the most effective and direct means possible.

Mr. Brandt: I appreciate the minister's opening statement and will be reflecting and following our formal response with specific questions later on, Mr. O'Neil. I appreciate the opportunity you have given me and my colleagues to make a few comments with respect to the Ministry of Industry, Trade and Technology.

11:20

Let me begin by thanking the minister for his overview and statement on his ministry. I look forward to reviewing his comments and asking about some of the details later during the course of the brief time we have to deal with these estimates. However, prior to doing that, I want to outline for the minister and the committee some of the areas I will be concentrating on, in concert with my colleagues, during this process.

As the minister knows, the Progressive Conservative caucus has two critics assigned responsibilities that reflect upon his ministry, those being myself and Bill Barlow, our critic for small business. That is indicative of the importance we place on this vital part of our economy. With the indulgence of the committee, I will make a statement, and then Mr. Barlow will address more of the detail with respect to small business issues.

As I have stated on many occasions, I am a firm supporter of the Ministry of Industry, Trade and Technology. As a former minister who had responsibility in that area, I know of the vital work being performed by the ministry staff and I also know how important it is that the ministry act in an efficient and proactive manner.

In that respect, the recent announcements made by the Treasurer demonstrate the constant need we have for a perpetually vigorous and expanding economy. The more than \$400

million that the Treasurer recently found stuck in the lining of his pocket was generated by the economic boom we find ourselves enjoying in some parts of Ontario at present. I ask the minister to note that I said "some parts of Ontario." Unfortunately, it is not a prosperity enjoyed in my home riding, for instance, nor is it a prosperity enjoyed in northern Ontario, an issue to which I can assure the minister I will return later.

We in this room, as well as other knowledgeable observers, know that the boom did not start with the advent of the new government, in spite of the glowing comments made by the current minister. It is my strong belief, and one I know the minister may not necessarily share with me, that it was the consistent, reasoned and fiscally responsible policies of the former government that laid the groundwork for the prosperity we are now sharing in.

I suggest to the minister, however, that when one takes credit for the boom, one must take credit as well for some of the problems. I find that the current government—and I do not say this in an antagonistic fashion at all—occasionally takes credit for the good things and wants to bring back the tales of horror about some of the problems it has not been able to solve in its short term in office.

Regardless of who deserves the credit, the present government, as well as many of the people of Ontario, are enjoying the good times brought about by positive economic results. I do not begrudge the present government reaping the political gains of having large sums of money to hand out. I do, however, have some serious advice, a warning, if you will, for the minister, for the Treasurer and for the Premier, who I know is going to read my remarks with great interest at some point when he has sufficient time so to do.

There are two ways of financing the needed capital works in Ontario, the increases in social services and the increased funding for schools and universities, to name but a few. To use an analogy I have employed in the past, you can either increase the size of the pie or you can increase the size of the slice that is taken from the pie. If the economy is the pie, then we all recognize it is by far preferable to have an expanding economy because the demands for government funds never stop. We are in the happy position of having a larger pie at this point in our history, but it will not last for ever; it never does.

That is where the Ministry of Industry, Trade and Technology comes in. It can be argued that

its job at present is relatively easy, that the minister just has to coast along with the tide. But it is important that the ministry plan now for when the tide goes out, as it inevitably will.

Estimates is an important part of that planning process. It allows members of the Legislature to review the corporate plan of the ministry to ensure, first, that the taxpayers' money is being spent properly, wisely and judiciously; and second, that the ministry is taking the best approach to ensure the continuing economic prosperity of the province.

Noting this, I must take exception to the material supplied to us by the minister to prepare for these estimates. If the minister will take a brief look at the organizational chart in the estimates briefing book, he will note it is already outdated; yet the estimates book was received in my office only four or five weeks ago.

From what I have been led to believe, the ministry has recently undergone a major reorganization. You covered that in some detail in your opening remarks. As I understand it, there are now four major divisions, namely, industry and trade; technology and policy; northern affairs; and small business and special projects. I am not sure whether I have the names correct, but I am sure the minister can assist with that detail at some point following the remarks of my party and those of the third party.

If this is the case, the estimates given in the ministry briefing book are already outdated and incorrect, seriously impinging upon the ability of this committee to do its job. I ask, therefore, that the minister have with him this afternoon, or as soon thereafter as possible, the correct breakdown of costs as they relate to these new divisions, an up-to-date organizational chart and any press releases that relate to this new and redesigned, if not necessarily better, ministry.

I also want to advise the minister that I will be asking him for an accounting of what prompted the changes which, at first blush, appear to be regressive and smack mainly of empire-building. It has long been my opinion that the ministry was effective because it was relatively lean, producing results without the need for large expenditures or the creation of a large bureaucracy. In perusing the estimates briefing book, it is immediately obvious that both the expenditures and the size of the bureaucracy are growing. That was even before the last reorganization. The minister will have the opportunity to justify these increases later on in our discussions.

I am confident the minister will agree that the two most important goals of his ministry are,

first, to expand and diversify our economic base and, second, to expand and increase our export markets. Paraphrasing, the success of the Ontario economy is dependent upon industry and trade.

Given that, I find it very disturbing and somewhat astonishing that the minister has chosen to lump these two vital areas of responsibility under one assistant deputy minister and into one division. As a former minister, I know of the long hours put in by both the assistant deputy minister of industry and the assistant deputy minister of trade to ensure the ongoing viability and success of their respective divisions.

I am also cognizant of the numerous trade missions the former assistant deputy ministers participated in. Often these trade missions were just to prepare for a future trade mission to be led by a minister of the crown or, at times, by the Premier of the day. Given these duties, performed by the assistant deputy minister of industry and the assistant deputy minister of trade, I find it inconceivable that the new assistant deputy minister of industry and trade will be able to divide his attention so as to balance his new responsibilities properly. In that regard, I ask the minister to advise me at this time of the name of the new assistant deputy minister industry and trade, as I have not seen it in a press release.

From the outset I have indicated my support for this ministry and the work it is doing; however, I have serious reservations about the manner in which the new government seems to be ignoring its responsibilities to the business community.

Let me review the matter of trade. Last year, the government closed a number of international trade offices, in spite of its professed commitment, covered in some detail by the minister's statement this morning, to increase trade ties with the US and the rest of the world. One of these offices was located in Philadelphia. As the minister undoubtedly remembers, it cost approximately \$250,000 to keep the office open. The state of Pennsylvania bought approximately \$1.4 billion of Ontario goods in 1984-85. From my perspective, that is a relatively adequate return on investment. I wonder why that office was picked out as one that should be closed.

Another of the offices closed by the minister was in Belgium, a country which was Ontario's ninth largest trading partner in 1984. In that year, Ontario exported more in terms of gross product to Belgium than it did to France. Yet this government, in its indifference or in its igno-

rance, ordained that operations formerly handled by the Belgian office would now be handled by the office in Paris.

11:30

This type of parochial, shortsighted attitude fails to recognize that Belgium and France are two distinct and separate countries with their own needs and their own specific demands. I would think that both the Belgians and the French viewed it as an insult to be lumped together, just as we express our dismay—and express it on a rather frequent basis—when international businesses, or reinsurers to use a current example, lump Canada and the US together as one entity.

The downplaying of our trade efforts, started by the closing of the three international offices located in Philadelphia, San Francisco and Brussels, seems to be continuing, with the trade division being combined with industry, detracting from the efforts of both former divisions. I would say to the minister that he cannot go around and make positive speeches about our export efforts while at the same time the business community here and abroad watches as he dismantles the one division solely dedicated to increasing Ontario's trade presence throughout the world.

I will pursue this with the minister in more detail later during this process. The minister may like to have his new assistant deputy minister of industry and trade present with him at that time.

As much as the Minister of Industry, Trade and Technology must be a firm supporter of Ontario's trade efforts abroad, so too must he be an advocate for industry based in Ontario. In that regard, I was very disturbed when John Bulloch of the Canadian Federation of Independent Business described the current government in Ontario as being the most anti-business in Canada. I am sure the minister shares my dismay at that type of comment.

This matter of advocacy was raised during the last estimates, held in February of this year. At that time the minister said—and to assist the minister's staff, who may be interested in the quote, it is taken from page R-1012, volume 2 of the bound Hansard: "Sometimes our suggestions are not taken. Whenever we are asked for input we get together the best case we can...and send it in. Sometimes part of it or all of it is accepted; sometimes none of it is accepted, depending on the subject and the content level."

It is my submission to you this morning that is simply not good enough. Numerous issues have been raised during the past year and a half that are worrisome to the business community and can

have a disastrous effect on our economy, particularly when our economy may well slow down at some point in the future. It is not enough that the minister waits until he is asked for input before standing up for his constituency. Nor is it enough for the minister to accept as satisfactory that sometimes his input is taken into consideration and sometimes it is just plain ignored. According to Mr. Bulloch, it seems that the latter occurs more often than the former.

In discussing this matter of advocacy, I would request that the minister have prepared for his return, either this afternoon or as soon as possible, his ministry's position on Bill 131, the bill we spoke of earlier this morning in the discussions in this committee, including hard copies of the reports I am confident he has asked be prepared outlining what effect the passage of this bill would have on the various industries in Ontario.

I would also ask the minister to comment briefly, in the way of a preliminary report, on the conversations I am sure he has had with the Treasurer and his other cabinet colleagues concerning the possible serious detrimental effects this bill could have on the business community. I say that in the light of the very real concern I have, which has been amplified and perhaps has accelerated to some extent as a result of the discussions we had this morning, indicating that the Treasurer intends to fast-track this bill.

If that is his intention, without hearings or the due process being followed by this committee, an open process of adequate discussion that was virtually unanimously supported by the members of this committee, I would say the ministry is derelict in its duties if it does not bring all the various nuances of Bill 131 to the attention of the business community in an adequate, sensitive and responsible fashion. I want to emphasize that very strongly.

To conclude the matter of advocacy for the moment, during my tenure as minister, we introduced an advocacy section. Based on US models, its mandate was to review provincial legislation such as Bill 131 prior to its introduction to determine its impact on both small and large businesses. Again, I ask that the minister return at the earliest time to this committee with a status report on the activities of this section of his ministry, outlining its present method of operation, including its access to legislation during the formative stages. I also ask that the minister list any pieces of legislation that staff from this section may have reviewed, changes it proposed

and which ones were eventually accepted by the government before the legislation was introduced or passed.

This may be a good opportunity to ask the minister for other pieces of factual information that I will ask to have prepared for the balance of these proceedings.

The immigrant entrepreneur program has recently been emphasized by both the federal and provincial governments. I would like to know—later today will do—where the present section is in the new redesigned ministry—in other words, under whose responsibility it falls—the number of staff, the number of applications reviewed, the number accepted, the average length of time needed to process an application, where the immigrant entrepreneurs are settling and whether there are any programs in place to encourage this group of new Canadians to use its expertise and resources in the northern part of our province and in other areas experiencing unacceptably low levels of economic growth.

Moving on, I will briefly ask the minister about another statement he made in the estimates process earlier this year. Taken from page R-1011, the minister said in response to a question: “At present there are interministerial committees that are working to come up with an industrial strategy, if we were to refer to it as an industrial strategy, and an interprovincial group of ministers. We hope we will have quite a bit to say about those new directions when the speech from the throne and the budget come out this spring.”

In reviewing the speech from the throne, I did not find any substantive statement regarding this new industrial strategy committee, an interprovincial group of ministers or a new industrial strategy. I ask that the minister respond to the statements he made earlier by preparing to outline in more detail the direction his ministry is taking with respect to this new strategy or the committees that will be involved in a new direction with respect to an industrial strategy.

If the minister, however, was giving us fair warning about the Premier's high-technology council, I have to tell him that this is one of those too common cases when his government has again stretched incredibility the distance between perception and reality.

However, if this, indeed, is the committee the minister was referring to, I look forward to receiving in writing the number of times this committee has met, its cost to the ministry and to the government and a list of projects in which the high-tech council has suggested investing some

of its \$100-million-a-year fund. I would like as well, of course, a hard copy of the signed approvals granted by the council.

Speaking of the technology fund, and as we were previously advised that Abe Schwartz's complex, Exploracom, was authorized to receive funds flowed from the ministry, the minister will understand that my caucus colleagues and I will have some questions about this somewhat perplexing approval process and about the project itself later during these proceedings.

In much the same vein, my colleagues and I will also have some questions about the last days of IDEA Corp. and its investments.

Returning to the previous estimates, the minister stated on page R-987, speaking in the context of free trade: “My ministry is now in the process of examining key sectors and technologies for opportunities to improve productivity and competitiveness. For example, we have completed an analysis of the forest industry and we are currently looking at the plastics and packaging industries.”

I am confident that the ministry has by now completed these studies and I would appreciate receiving copies of the subsequent reports or studies. If they have been previously released, I ask to be advised of the date and title of those releases.

Speaking specifically of the report on the forest industry, I ask the minister whether the consulting groups who prepared the \$164,000 studies on northern competitiveness had access to the report I spoke of previously. I also ask whether the ministry contributed to the Sault Ste. Marie conference, which I believe it did, at what cost, and whether the minister can have a preliminary report of the conference prepared for review by this committee at some later time in our deliberations. I believe such a request has relevance because of the new division created by the ministry to deal with northern affairs.

11:40

This leads me to my two final topics. It can be argued that both deserve at least equal time to the number of hours that we are giving over to these estimates. The two topics are northern development and free trade.

We are all aware that northern Ontario is not sharing in the economic boom that is taking place in many regions of this province. Deservedly, the people in the north are asking what concrete action the government and this ministry will take to alleviate or assist in their economic concerns. I do not believe that what they need are artificial, glitzy media events such as they had to endure

this past week. They do not need a Premier who speaks about tough new realities and a realignment of priorities without offering one new initiative or the hope of one new job.

We seem to have lost part of our audience as I got into these comments.

Mr. Guindon: From northern Ontario.

Mr. Brandt: I am not convinced that what the people of the north need is the sudden attention of numerous government agencies all tripping over each other to establish that there is a problem. We all know that. All three parties in this Legislature agree that the difficulties faced by the north have to be addressed. I suggest that virtually any initiatives taken by the Legislature in connection with helping the people of the north will receive the unanimous support of all parties in this Legislative Assembly.

Therefore, although I am sure that the new assistant deputy minister for northern affairs is a knowledgeable and competent individual—I compliment the ministry on picking someone who does have some knowledge of the north—I would like the minister to inform this committee what new strategies and programs are in place that will assist the north. I do not want the minister to tell me that creating a new division in his ministry, dedicated to the north, will do the job. As far as I can determine, it will create only bureaucratic jobs and that is not good enough.

However, I believe in being fair-minded in these things, as the minister well knows. I would like the minister to tell me how this new division will interact with the Ministry of Northern Development and Mines, the mandate of which is, "To stimulate the economic and social development of northern Ontario and to co-ordinate the policies and programs of other provincial ministries to ensure"—

Mr. Sargent: These are things you did not know the answer to.

Mr. Barlow: He wants answers to them.

Mr. Brandt: I happen to be in opposition now, as my colleague from Owen Sound well knows. It requires a change in roles. If I might digress for a brief moment, I suggest to my colleague that I now ask the questions. If you are willing to concede the position to me and allow me to alter positions with the minister, I will be glad to do that and then I will answer questions. You know that role quite well because you asked them—

Mr. Sargent: You guys did nothing. Now we are trying to do something. You are mad because we are trying to do something.

Mr. Brandt: No, quite the contrary. I am only trying to probe the inner workings of the ministry in such a way as to enlighten us to the direction the ministry is taking. The argument I am going to amplify and put forward for the edification of my colleague from Owen Sound and other knowledgeable individuals on this committee is to try to determine—you will see this as my succinct argument unfolds—the separation between the existing Ministry of Northern Development and Mines and the new division of northern affairs within the context of this ministry. I want to know who you go to to ask certain questions. I cannot wait to hear what I have to say myself in this regard. If you will be patient, it will all flow out in a real and understandable way very shortly.

Mr. Barlow: Mr. Sargent will then join in I am sure.

Mr. Brandt: Where was I?

I would like the minister to tell me, how will this new division in his ministry co-ordinate with the Northern Ontario Development Corp.? That is not a provocative question, Mr. Sargent. How will it co-ordinate with the small business division or the industry division? Again, these are very reasonable questions. In other words, if I have a problem as a businessman, and I happen to be located in the north, do I contact the Ministry of Northern Development and Mines, the new division of this ministry, the small business division, or perhaps the industry division? Heaven forbid if that same small businessman wants to get into the export business. Who does he contact then? I am sure my colleague the member for Sault Ste. Marie (Mr. Morin-Strom) will be interested in these answers as well. They are reasonable questions.

Mr. Morin-Strom: Heaven forbid he is in the lumber business; it should then be the Ministry of Natural Resources.

Mr. Brandt: Absolutely.

Mr. Chairman: Will the honourable member please proceed and not provoke interjections?

Mr. Brandt: I thank you for that guidance, Mr. Chairman

If an interest in tourism is added to what I have just said, there are two other ministries. One is the Ministry of Natural Resources, which my colleague mentioned with respect to the lumber industry, but in the area of tourism we have two sources that could be added to those I have already outlined, namely, the Ministry of Natural Resources and the Ministry of Tourism and Recreation.

I firmly believe and I am resolutely committed to assisting the people of the north. Our caucus is dedicated to it. I say this in a nonpartisan way, as I believe the caucuses of all the parties are dedicated to it. However, I do not believe and have never believed in artificial solutions. I want the minister to convince me that his new division will create jobs in the north and not just jobs for more individuals in the civil service.

Before I get more platitudes and hollow promises from the minister on this matter, I would like to remind him of some of his statements from the estimates earlier this year. We do read what he has said. He told the standing committee on resources development that, and I quote from page R-1007, "One of the first things I had to deal with when I came in was the steel business and protectionism." I am sure the minister recalls that quote of his very clearly.

Let me read to the minister from Wednesday's Globe and Mail. The headline in the Report on Business was "Steel Industry's Outlook Remains Gloomy". The article says that prospects are poor because "pressure for trade restrictions on Canadian steel continued to build south of the border in the lead-up to yesterday's mid-term congressional elections." As the minister knows, and as he commented in his statement, a Democratic majority was returned to the Senate that will lead to the intensification of protectionism in the United States.

There was a slight difference in the way you read the elections in the United States and the way I am reading them. You said there would be a continuation of some of the protectionist policies, if I may paraphrase what you said. I suggest they will escalate and become even more intensified as a result of a Democratic majority being returned to the Senate.

In spite of the minister's optimistic predictions about the steel industry at the time, the conclusion has to be that he did not deal with the protectionism faced by the steel industry. The result of this lack of initiative and action is best

summed up by quoting from the same Globe and Mail article: "At...Algoma Steel Corp. Ltd. of Sault Ste. Marie...the pace of mounting losses quickened and the sense of deep unease about the prospects of the northern Ontario steelmaker became prevalent."

I suggest to the minister that Algoma and the north do not need another public relations exercise or more bureaucrats tripping over each other, but a responsible government effort to deal with the problems facing major employers such as Algoma. Algoma, like many other companies in both the north and south of Ontario, is being hit hard by protectionist sentiment in the United States. For those who are not advocates and supporters of free trade, I only ask, "How do you like protectionism?" It is up to Ontario in conjunction with the federal government to fight that attitude. The minister himself had part of the solution when he stated last February, and again I quote page from R-1007, that "...we have to use the facilities we have with our offices in the US to show what good neighbours and trading partners we are." I agree.

It was an intelligent, well-thought-out statement. Unfortunately, it came from the same minister who allowed two of his trade offices in the United States to be closed, thus reducing the ability of his ministry and this government to get Ontario's message across.

This leads me to my final topic, that of free trade.

Mr. Chairman: This might be a good time to stop. That clock is out a few minutes and the vote will be taken in the House in about four minutes.

Mr. Brandt: All right.

Mr. Chairman: We can recommence following question period.

Mr. Brandt: We will have to resume at that point.

The committee recessed at 11:50 a.m.

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From the Ministry of Industry, Trade and Technology:
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Estimates, Ministry of Industry, Trade and Technology

Second Session, 33rd Parliament
Thursday, November 6, 1986
Afternoon Sitting

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STANDING COMMITTEE ON GENERAL GOVERNMENT

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday, November 6, 1986

The committee resumed at 3:59 p.m. in room 228.

ESTIMATES, MINISTRY OF INDUSTRY, TRADE AND TECHNOLOGY (continued)

On vote 2001, ministry administration program:

Mr. Chairman: I call the meeting to order.

Mr. Brandt: As I recall, when I was interrupted by the discussion earlier this morning, Mr. Chairman, I was about to share some thoughts and some views with the minister in regard to the government's current and perhaps difficult to understand position on free trade. That leads me to the final topic I want to discuss in my remarks, and they will be followed, as I indicated earlier, by some remarks from my colleague the member for Cambridge (Mr. Barlow).

There is no doubt in the minds of the people in our party that a free trade agreement of some sort will assist northern Ontario, and I spoke at some length about the problems in northern Ontario earlier. I agree there are some risks, but I would say to the minister that there are more risks in burying our heads in the sand and concluding that everything will remain positive tomorrow just because it is positive today. I would remind the minister that Ontario needs to trade to survive. We are the largest per capita exporters in the world, and the United States is our largest trading partner.

In his estimates book the minister indicates that 80 per cent of all our exports go to the United States from the province of Ontario. The reference is on page 4-7. He may want to check with his trade people with respect to that figure, because I believe that the actual number is higher than 90 per cent. It may well be just a misprint, but I bring it to your attention for information purposes.

More than 90 per cent of our exports go to one market, yet we seem to be failing to defend Ontario's position and Ontario's interests in that market. A most recent case in point is the 15 per cent tariff on softwood lumber exports into the US. All of us present here know of the devastating effect this tariff has already had, and is continuing to have, on the north. We also

recognize that this government and this minister failed: first, to anticipate that the tariff was going to be applied; and second, to recognize the damage it would inflict on the economy of northern Ontario.

The minister may quibble with the interpretation of the facts I am setting before you, but I will again refer him to the estimates held in February of this year. At that time he assured the members of the standing committee on resources development with regard to this issue, and I will quote from page R-1007. I hope it is of some help to the staff when I give these page numbers so that we can speed up the process; that is the reason I do it.

The quote from the minister at that time was that "The Senate bills have been held up." The minister went on to say that the province would be involved in a series of meetings to "provide a full exchange of information and explanation of the Canadian stumpage pricing system, to correct perceptions that provincial practices involve unfair subsidies."

This government, this minister, failed to protect Ontario's interests in both the steel industry and the forest industry. That is why I am concerned, in this matter, that this government, by following its course of ignoring our US markets and of ignoring our trade efforts in that country and by discounting the free trade talks—or, if you will, the fair trade talks—will continue to allow our economy to be adversely affected by protectionist sentiment in the US.

I reiterate: that sentiment is going to escalate and become more intense with the passing of months. If the editorial comment I read today, and have read even since I began this statement this morning, has any degree of accuracy, we are in for some very difficult times.

We cannot ignore a market that absorbs 90 per cent of our exports. Certainly that figure indicates without a doubt that we should be diversifying our export markets. I believe it was a former Prime Minister who called that the "third option," and I happen to agree with the third option. But it also clearly indicates that we cannot let the US market slip away from us. A one or two per cent drop in that market is a tremendously large number of gross dollars in terms of export sales.

Again, that is why the minister's action in first closing—you can see I feel strongly about this or I would not be bringing it up again—those two US offices was so astonishing to those of us in this party at such a sensitive time in the history of our negotiations with our major trading partner to the south. In addition, his lumping of trade with industry seems to be ill-advised, again because of the particulars we are facing at this time.

To be fair, the minister indicated in February that he would be looking at perhaps opening up new offices in the United States. I would ask him whether that continues to be his plan, whether this plan is indeed in the works and whether we can anticipate such an announcement in the upcoming throne or budget speech. Depending on where those offices are located—and I say this without giving the minister complete *carte blanche*, and with the one small caveat, that being the location—I would say that our party would probably support any initiatives with respect to the opening of new trade offices rather than their closing.

I am critical of the closing of those offices. I believe they do generate sales and I could share with the minister, and may well do so at some later point, some specific references to the office in Philadelphia, where there were direct sales in the auto sector. The deputy minister may be aware of the situation I am talking about. There was a protectionist measure in the Legislature in that particular jurisdiction that was negotiated as a result of the efforts of my predecessor in part but also as a result of the efforts of the staff who were on site there.

16:10

I do not want to go into this in a lot of detail at this point, other than to say that when those offices are generating or having an influence over \$1.4 billion in sales directly or indirectly and the \$250,000 we save by closing the office is put beside it, the arithmetic equation bothers me and I find it somewhat troublesome. Perhaps you could respond to those comments at a later point.

In concluding my remarks, I will state to the minister that it does not help Canada's or Ontario's position when the Premier (Mr. Peterson), the Treasurer (Mr. Nixon) and the minister himself make conflicting remarks about Ontario's position on free trade. It does not help when the Premier in Japan—and you can imagine how surprised I was—speaks warmly of the free trade initiative, and then, less than a month later, the Treasurer concludes in his budget statement that free trade is dead, at least for the time being. It is somewhat of a self-fulfilling prophecy, perhaps,

but not necessarily one that will be in the best interests of Ontario trade.

It does not help when we have the Premier describe a potential free trade agreement with the United States as a lot “like buying bootleg whiskey.” That was the Premier's address to the Metropolitan Toronto Export Club on July 23, 1986. Then the Premier went on to state, “It's better to increase our trade 10 per cent in 50 different markets than it is 10 per cent in the United States.”

This is the type of misleading remark that reflects so poorly on this government's ability to handle the province's economy. For the sake of edification and clarification, I would inform the minister and the members of this committee that increasing our trade with the United States by 10 per cent would bring almost an extra \$5 billion in extra trade to Ontario. Increasing our trade by 10 per cent with our next 50 largest markets would result in an increase of slightly more than \$500 million, so they are not equal and it is not the same when you compare those particular numbers. That could have been an offhand remark, meant in a context that I am not aware of. I am looking at the figures and I am quoting them as fairly, directly and accurately as I know how.

What the Premier should have said is that we should aim to increase our trade with both the United States and our other trading partners by 10 per cent or by some target objective. However, to make such a statement would not have suited the political agenda of the government.

At the outset of my remarks, I spoke of my respect and support for the work being done by the staff from the Ministry of Industry, Trade and Technology. I spoke of the incredible importance of their work for the future of this province's economy and, flowing from that, the future prosperity, the quality of life and the standard of living of all citizens of Ontario.

The ministry still has my support, wavering though it may sound at times. Now it is up to the minister to convince me and my colleagues and the other members of this committee that he deserves our support as well. I have brought to his attention a number of serious concerns I have that need to be addressed in the course of these estimates. The manner in which he satisfies these concerns will dictate the type of endorsement he receives from this committee and, I might add, from the members of my party in our ongoing deliberations in the House.

I can assure the minister that I am undertaking this process in a constructive and positive way. I want the ministry to be as potent and viable a

force in the economy of Ontario as possible. The people and the businesses of Ontario deserve nothing less.

In that regard, I look forward to the minister supplying me and the other members of the committee with the material I requested as soon as is reasonably possible—preferably before we commence proceedings at our next sitting if it is not available for this afternoon—so that my colleagues and I can have an opportunity to review the information.

I am pleased to say that I look forward to a positive, interesting and vigorous debate on the estimates. With your permission, I would like to hand over the remaining remarks on the position of our party in regard to the estimates to the critic for small business, William Barlow.

Mr. Barlow: From Cambridge.

Mr. Brandt: From Cambridge, home of Toyota.

Mr. Chairman: No advertising, please.

Mr. Barlow: Thank you for this opportunity to participate in these estimates of the Ministry of Industry, Trade and Technology. As most of you are aware, I was appointed by our party leader to serve as the deputy critic for Industry, Trade and Technology with specific responsibility for small business.

Small business is no longer small or little business in terms of what it provides to our economy. It is the backbone of the North American economy, and on that basis I am pleased to see that it has been given a special designation in the ministry's organization by having it as a separate division with its own assistant deputy minister. I congratulate David Girvin on this step within the ministry to a new position. I wish him every success.

The small business branch was within Mr. Girvin's purview under the previous organization of the ministry, and he has done a spectacular job in that respect. I look forward to working with Mr. Girvin and his officials through our mutual interests in the furtherance of small business in Ontario.

I am sure Mr. Girvin will feel he is in a David and Goliath situation at times, when you consider that the Liberal and New Democratic Party's accord has prioritized legislation policies that, when taken together, often tend to work against and discourage small business.

Mr. Brandt: This sounds almost like a Girvin eulogy.

Mr. Barlow: I have a lot of respect for Mr. Girvin. If anybody can pull it through, I am sure Mr. Girvin can.

Mr. Brandt: I share that confidence with my colleague. I know the problems he is working under.

Mr. Barlow: Because our economy is doing quite well at this time, the impact of such legislation as that on first contracts, now Bill 131 and the proposed legislation limiting overtime and bringing in pay equity might seem minimal; however, if we should experience another recession, or even a downswing in the economy, this layering of labour legislation will greatly hinder our international competitiveness and will stifle small business.

I am thankful that the Liberal government saw fit to continue many of the programs that this party introduced in 1985 and previously, such as the small business hotline, TVOntario's Front-runners, the programs to assist women in taking their ideas for business ownership from the conceptual stage through to fruition and the expansion of the small business development corporations program.

I am thankful that they allowed our initiatives to continue to develop, because I do not believe that the needs of small business would have been adequately addressed at a cabinet table of ministers whose first priority is pleasing a third party whose agenda we are all very aware of. Small business provides 50 per cent of the employment in our province, and quite frankly, government's performance has been less than admirable when considering that fact.

In an apparent attempt to appease small business, your government put together a committee of parliamentary assistants, one that you recognized in your statement as doing "an outstanding job on behalf of small business." I would like to know how often this committee meets, with whom in the small business sector it meets and exactly what its accomplishments have been, other than the new ventures program.

While the new ventures program is being heralded as the answer to the difficulty that many people had in obtaining startup capital, particularly women and young people, I do have a few questions about the program that I hope the minister will address at the conclusion of this statement or at an appropriate time later on.

First, I cannot help wondering why, if the intention of that program is to assist people in starting up their own business by making capital more accessible, the ministry has tried to make it an employment creation program by having the criteria include the necessity of hiring at least one employee. The minister knows very well that every single penny counts during the startup of a

small business, and it seems unreasonable to expect someone to guarantee to hire a person when, even at minimum wage with the required employee benefit costs, it would cost about \$10,000 a year. It seems unreasonable that one would have to guarantee the annual spending of \$9,000 or \$10,000 to receive a loan, not a grant, of \$15,000.

16:20

I would like to ask the minister what happens when, after a few months of operation, the owner of the business that took advantage of the new ventures program decides it would be financially prudent to trim this excess expenditure and do the work himself. What does the ministry do then? Do they call the loan? How are you planning to enforce that part of the criteria for this loan guarantee that relates to having an extra party on staff?

Second, I feel the new ventures program is far too rigid. People wishing to start up their own business have to have a commensurate amount of cash sitting in their bank account. It is ludicrous that equity does not count.

It is also ridiculous that people are disqualified if they have even been involved with the business in a part-time way. There are many people out there who have been operating a business on a part-time basis while they take a full-time job to support themselves, and they would dearly love the opportunity to work at their business on a full-time basis. It is not fair that they should not have the same opportunity as someone who just woke up this morning and decided, "I am going to start a business" and went after new ventures startup assistance. They are being penalized for their initiative.

I would like the minister to provide to us the number of people who have inquired about and/or made application to the new ventures program and the number of people who have officially qualified for the loan guarantee as of this date.

Third, does the minister actually think this is adequate assistance for those willing to take the risk of business ownership? What can one do with \$15,000 these days when it can cost several times that amount just to do the interior renovations, for example, to open a retail store? Does the minister not agree that this is tokenism and perhaps superficial?

Take the number of labour-related legislation proposals, which I referred to earlier, put forward by your government in the past year and figure out what percentage of the \$15,000 loan could be used up just administering the burden of

government interference. The direct and indirect costs of massive government interference in the business decision-making process initiated and proposed by the present government will far exceed any possible benefit from the handful of well-intended programs introduced for capital or new business formation.

Fourth, I would like to quote at this time what the minister's colleague Mr. Ferraro had to say about the new ventures program. I am reading from his news release of October 9, 1986, in which he said:

"Although new ventures just opened for business on September 8, participating financial institutions have already approved loans for 73 new companies across Ontario to a total value of more than \$1 million. The firms starting up range from a catering business and a jewellery store to a print shop and an automotive repair facility."

Then let us hear what the minister's colleague Mr. Offer had to say about the new ventures program, and I read from his news release of October 9, 1986. He was in Sudbury to announce a kickoff, and he said:

"Since new ventures opened for business on September 8, participating financial institutions have already approved loans for 73 new companies across Ontario to a total value of more than \$1 million. The firms starting up include a catering business, a jewellery store, a print shop and an automotive repair facility."

If it sounds just a little insincere or strange that two people at the same time but in different parts of the province were both spouting off the same message almost word for word, it is because this whole program is designed to be a slick, sugar-coated program to make the government look as though it cared about small business in Ontario.

Mr. McKessock: What would it have sounded like if they had spoken in different words?

Mr. Barlow: I am wondering how many more of your colleagues have exactly the same thing to say. They are all working from the same script and we all know how the media people operate.

Instead of wasting time with smoke and mirrors, why does the minister not look at some of the real problems that small business faces and come up with concrete solutions to those problems?

Let us look at the problem many owners of small businesses have with respect to obtaining employees. Just this week I was getting on the elevator to come down from my Toronto apartment, and there was a man who was obviously dragging himself out in the early hours

of the morning. I get up in the early hours of the morning myself. He owns a restaurant and he told me it is virtually impossible for him to get help; that he is having to work both the morning and the night shift himself. He cannot count on people being at work. I understand this problem is near crisis proportions in the hospitality and restaurant industry right now, and I would like to ask the minister what he plans to do about this situation.

I hear the same story from the owners of small manufacturing firms. They simply cannot find skilled personnel and are unable to reach their full business potential because of that. I am talking about tool and die makers, machinists and so forth. I mentioned this to the Minister during the estimates in February this year. He must get together with the ministers of Skills Development, Education and Labour and find workable solutions to this problem. In a recent survey of small businesses, the inability to find skilled and semi-skilled employees was the number one concern.

Another concern of many small business owners is the alphabet soup programs in the ministry. We have programs such as PAMP, TAP, PEPI and PDMP; and on and on the list goes, often confusing those working with this sort of thing on a regular basis, let alone the business owner who is somehow or other miraculously supposed to know that all this assistance is out there just waiting for him to make the application.

There is a real need to streamline these programs, so that the business community knows what is there. Their tax dollars support all these programs yet, often as not, it is the larger businesses that have the luxury of having a financial planner or a political adviser on staff to take advantage of the government programs. The small businessman is so busy manufacturing, servicing or selling whatever his business does that he misses out on these opportunities.

If the minister and his government would like to do something for the small business community of Ontario, they might consider being more supportive of the Canada-US trade negotiations. I know my colleague went into this in much greater depth than I intend to, but I feel it is necessary to touch on it. The US has a market of some 240 million people. It is the richest market in the world, and I personally have a lot of faith in the ability of our small business sector. It would be a golden opportunity for them to sell their products.

The Liberal mishmash on the Canada-US trade negotiations is damaging to the small business community and so is the minister's and the Premier's capriciousness. The Economic Council of Canada assures us that improved trade negotiations will create many jobs in Canada, and I believe a great majority of those jobs will be in Ontario and in the small business sector. There did not seem to be any shortage of ideas to help small business during the last election. Many ideas put forward by our PC Party have been acted upon—we appreciate that—and I believe proved to be quite successful.

Mr. Brandt: Good ideas.

Mr. Barlow: Great ideas. I would like to ask the minister where his party's election promise for a \$100-million job creation program for small business is.

Mr. McKessock: Were you away that day?

Mr. Barlow: No, not for small business I was not. I did not hear of it.

Mr. McKessock: You were away then; that is why you are raising the question.

Mr. Barlow: That seems to have slid through the cracks. Instead of introducing a plan that would have paid a quarter of new workers' salaries, they brought in a program under which a small loan guarantee is available if an employer agrees to provide for another person's employment.

I have a number of questions with respect to small business, and I know a number of my colleagues are also anxious to participate in these estimates. I will conclude my statement now and ask the minister to try to get some of those answers at the appropriate time.

16:30

Mr. Morin-Strom: I am pleased to have an opportunity to address the estimates of the Ministry of Industry, Trade and Technology. I appreciate the statement the minister provided to us today with respect to his ministry. There is a lot of good-sounding language, and there is certainly a lot of good news about what is going on with the economy of Ontario as a whole, but there are many areas of the province that are not doing quite as well as we might believe, being situated in Toronto today.

There is a concern I wish to bring up before I go into the details of the minister's comments and the presentation I would like to make. I do not have a formal statement to make today, but I would like to express a concern that is similar to one I expressed at the very start of these estimates

last year. It has to do with the process of estimates.

The amount of time we as a government spend in our committee work on budget estimates is a waste of our efforts and could be put to much better use if we cut back drastically on the number of hours committed to this process. There is far more important work to be done on the legislation currently in front of the Legislature, which is not being acted on by committees. Committees are looking at legislation, but they spend an inordinate amount of time on estimates. In fact, the majority of committee time is spent on estimates in the course of a year. To have 15 hours dedicated to the Ministry of Industry, Trade and Technology is a waste of our time, which could be much better spent in serving the interests of the province.

I do not know whether we get credit for five hours today. I do not know whether we get credit for two hours this morning. Are we getting credit for three hours this afternoon?

Mr. Chairman: No. To answer your question, I would be pleased enough to do that but the person doing the recording would not do that for us. It is not allowed.

Mr. Morin-Strom: Would it be in order, if there is a consensus of the committee, to reduce the number of hours we spend on these estimates and vote them through within a shorter time frame?

Mr. Sterling: If we get some answers, we can do that, sure.

Mr. Morin-Strom: It is going to go on for weeks if we have 15 hours devoted to this ministry. Is that matter in the power of the committee?

Mr. Chairman: It would not take a lot of time if there were no questions. If it came to a dead stop, I would have to put the votes and declare it over.

Mr. Ferraro: If the Tories want to filibuster—

Mr. Brandt: It is your House leader who negotiates the hours. Why are you talking about filibustering? If you want to see a sophisticated filibuster, come to another committee and you will see what a filibuster is all about. We have 15 hours; let us use them. We can talk about the committee work another time.

Mr. Chairman: Mr. Morin-Strom, we are interested in hearing your remarks.

16:30

Mr. Morin-Strom: Let me get back to the issue of the Ministry of Industry, Trade and

Technology. This is a very important ministry and one that should be utilized to a much greater extent in the future than it has been in the past. I agree with the thrust of the past year to put more efforts into this ministry, expand its budget and focus on new areas of endeavour.

This ministry plays or should play a critical role in establishing an economic and industrial strategy for Ontario. I do not believe it has been playing that role to a sufficient extent, but the moves the ministry is making, particularly in the area of technology, are worth while. We will have to see what comes of them, but there seems to be a commitment from the government to a thrust in that direction. As we go along, I will get into some concerns about where that thrust should be.

I would like to follow through on the minister's comments and react to some of the points made in this report. I will first address the introductory remarks under the heading, "Ontario Economic Overview." One of the statements on page 4 is, "The need to build a world-class competitive society is the first priority of this government." I am not sure that is the priority of this government or that it should be the priority of any government. There are priorities in terms of social needs and the needs of people which take precedence over the need for competitiveness.

That may be the priority for this ministry, but I do not see it as the highest priority for this government. I wonder whether that is a misstatement of this government's policy. You might contend that if our highest priority is to be a world-class competitive society, we should be looking at Singapore, Hong Kong or South Korea as models for where our society should be going. Competition is vitally important and we have to be economically strong, but there are balancing factors that are just as important. The quality of life we provide to our citizens is more important than the competitive strength or industrial might of the industrial part of our society.

The statement on page 5 that, as of September 1986, there are approximately 150,000 more workers employed in Ontario industry than there were a year before is a favourable one, but it does not reflect the reality on a regional basis. In northern Ontario—I do not have the figures; I wish we had the figures by region—I think we have fewer people employed. Certainly there are more unemployed.

I do not know whether the students who are working this year compared to last may have resulted in a greater growth in the work force than

in the numbers of unemployed, but I think the figure is a bit deceptive. You are talking about numbers of workers rather than the percentage of the work force or the number of unemployed. As the work force expands, there are going to be more workers, even if the unemployment rate may be increasing.

The statement at the bottom of page 6 that the minister feels he can attribute a good deal of the success of the performance of the province to "the programs developed by this new government" is quite questionable. I agree with the comments of the member for Sarnia (Mr. Brandt) in that regard.

16:40

The success in southern Ontario is a fortuitous one that has to do with economic trends. Our economy is very closely linked to that of the United States. As the US economy expands, southern Ontario's economy has a very strong tendency to expand following the US model, normally not at the same time but with some delay in reaction to it. The auto industry in particular is critically tied to the US and to exchange rates. Probably the greatest part of the success can be tied to exchange rates.

Moving on, I would like to comment on the credit that is given a little farther down, starting on page 11, to my colleague Mr. Ferraro, the parliamentary assistant, and to the committee of parliamentary assistants on small business. I wonder what this committee is all about and whether it is a political subterfuge or an opportunity for some members who do not have the profile of cabinet ministers to go out and meet with the business community and impress themselves on the business world. I see this committee as a rather political instrument that I do not think the ministry should have proceeded with. I am not sure what precedent there was for such a committee but I view it as a political instrument that is inappropriate for this ministry.

I think the appointment of Jim McClure as the new assistant deputy minister for northern industry is a good one. I congratulate the minister, and the deputy minister in particular, for making the appointment and choosing someone from northern Ontario for that position. I know Mr. McClure personally. I worked with him for a number of years at Algoma Steel. I think it is a particularly valuable appointment for my community and for the possibility of encouraging secondary industry related to steel in the future in northern Ontario.

Mr. McClure has worked for some 20 years in the area of sales and marketing with Algoma

Steel, which is the largest industrial enterprise in northern Ontario. He has a very good understanding and has had ongoing contact with customers and clients who use steel and understand the types of steel Algoma produces, particularly in comparison with the other two steel companies. The secondary industry that uses steel has to this point basically been located in southern Ontario. Knowledge of it could be of benefit in the identification of opportunities to bring components of that industry and of new ventures that might start up in the area of usage of steel products, obviously to Sault Ste. Marie but also potentially to elsewhere in northern Ontario.

Logically, Sault Ste. Marie ties together with Algoma Steel. One big disadvantage Algoma Steel has faced over the years is its location relative to its market. For consumer steels, the markets are in southern Ontario and there have been few secondary operations producing basic steel products in Sault Ste. Marie.

There are probably two major examples. One is the seamless tube mill that was built in Sault Ste. Marie in the late 1950s by Mannesmann of West Germany. It was commonly called the Mannesmann tube mill. It was eventually purchased by Algoma Steel and now is part of the company so it is no longer an independent operation. The other major operation that I would call secondary rather than primary steel is the unfinished auto parts plant at Algoma Steel. It has always been part of the steel company. It produces significant amounts, if my memory is correct more than 100,000 tons a year, of unfinished or rough auto parts for the American steel industry. Interestingly enough, almost all of it goes to Michigan, primarily to General Motors plants in lower Michigan that are closer to Sault Ste. Marie than are the auto plants in southern Ontario.

That operation was developed by the corporation itself as an outlet for its sheet and strip product. There has never been an independent auto parts producer located in northern Ontario. There is a possibility for that to happen if the ministry and this government put the framework in place in terms of some incentives that would encourage the location of new operations at Algoma Steel. I am talking about ones that are particularly geared to using the grades and sizes of sheet and strip product that are produced at that steel company. To do that, you have to understand the particular products of that steel company in some intimate detail relative to Dofasco and Stelco.

Next I will move to the new ventures program on page 17. I hope we will get more information from the minister on this program in terms of how many applications have gone in to date, how many have been accepted and particularly what the distribution has been in the regions of northern and eastern Ontario versus elsewhere in the province as a whole.

Unfortunately, I was not feeling well on Monday and did not attend the official announcement of the program in Sault Ste. Marie. I thank the minister for coming and making that presentation in our community. It was one of the few examples when the government got good press out of Monday and Tuesday in Sault Ste. Marie. From the coverage I saw, you probably got the best press for the new ventures announcement in Sault Ste. Marie of anyone from the government because I do not think the conference turned out as well as people had hoped it would.

On page 18, you get into the issue of northern Ontario and efforts to broaden the industrial base of northern Ontario. A very strong focus of this ministry and of this government, in terms of economic policy, has to be how we can get a more balanced economy in this province and give opportunities to northern Ontario and other regions, such as rural southern Ontario, that are not sharing in the growth going on in the Golden Horseshoe.

16:50

I have a firm belief that we will not have a strong economy in northern Ontario without a strong industrial base. I do not believe the future of northern Ontario is in tourism, small business or services. Those elements all play a part, but the key to a strong economy is industry. The economy is only as strong as the cash that can be brought into a region. The cash coming in is based on the products going out. Unless quality products of high value can be produced for export to markets in southern Ontario and around the world, we will not have a strong economy in the north.

It is the mining and forest industries, and in the case of my community the steel industry, that are the heart of northern Ontario. They bring far more revenue to northern Ontario than any government program we have in the north, far more than any tourist operations or any services we might be able to provide elsewhere. We have to be able to produce competitive products so that we can continue to utilize the people and resources we have in northern Ontario to the best of their capabilities. There are resources available to be the foundation for stronger industry in

northern Ontario. We can do much to ensure that as much as possible we put the value added into the product in the north before we export it to other areas of this country, the United States or the rest of the world.

The conference in Sault Ste. Marie is mentioned on page 18. This conference was a rather questionable effort. I do not know who was responsible for it, whether it was the Ministry of Industry, Trade and Technology or the Premier's office. The Premier was the host of the conference.

I have serious concerns about the involvement of this ministry in it, and in particular about the summary report presented to all participants before the conference started. This report, A Review of Competitiveness of Northern Ontario Industries, was prepared over the previous two months by two consulting firms, Stevenson Kellogg Ernst and Whinney and the Coopers and Lybrand Consulting Group.

I and almost everyone in northern Ontario found the report superficial. There did not appear to be two months' worth of effort in it. We could easily have found quite a number of people in northern Ontario who could have compiled the information at a much lower cost than the approximately \$150,000 spent to have these consultants come in from outside the north to try to learn what they could in a two-month period about what was going on in northern Ontario.

One of the most serious problems with this report is the lack of consultation that went into it. It appears there was consultation with some business people but there was no consultation with labour in the preparation of this report and there was no consultation I am aware of with community groups or leaders in the north. As a result, the report is very slanted. Its strong anti-labour slant particularly irritated labour in northern Ontario.

The suggestion underlined in the whole report is that there are two fundamental solutions. One is to reduce wage rates and the second is to reduce the number of employees across northern Ontario. This would mean reduced incomes, reduced revenues and a reduced economy for everyone, and not just industry, in northern Ontario. There are no positive recommendations at the end of this report. The final result is an image of doom and gloom that implies that perhaps half our population should move out of the north and we would be a lot better off.

We have to have a program of action that will do something for northern Ontario, not one based on what has happened in recent years as a trend

going into the future. Without any government intervention and with the direction the business world perceives for northern Ontario, I guess the result is going to be, "The last one to leave turn out the lights."

Let me move on from this issue. A little later on I will go into some detail on the program the New Democrats presented at the conference; not formally, because we did not have a format to present it formally. In fact, there was no format to allow formal presentations by anyone at the conference other than the consultants who were invited there. I will lay out what I think is a major program of potential initiatives that could have a major benefit in changing the economy of northern Ontario. I will go into that after I get through the remainder of the minister's remarks.

On page 19, the minister talks about some of the initiatives in northern Ontario during the past year. He talks about the establishment of a centre for excellence in mining and mineral production at Sudbury. We would like to know a little more about what that centre is going to involve, where it is going and what it will be doing for us in the future. I also ask what we are doing about the forest industry in a similar vein, and as well, what we are doing to stimulate more secondary manufacturing in northern Ontario.

At the bottom of page 19, there is a concluding remark on the conference, saying that it was a major step to identify competitive issues and opportunities. I would like to know what issues and opportunities were identified. I was not aware of them. It seems to me the Premier had great difficulty in reaching any kind of consensus at the end of the conference and seemed completely perplexed about what we could possibly do in the future.

There is also a reference to improving community resources as a result of the conference. I would like to know how the government is planning to improve community resources. As well, there is a reference to attracting new competitive industries to the north as one of the things the minister felt was going to result from this conference. I want to know when that is going to happen, as does everyone else in northern Ontario.

17:00

Moving on to page 23, the minister comments on the auto industry. He says, "My government supports the concept that all vehicle producers should make similar commitments to the creation of jobs and to production in this country." This is in reference to General Motors and Suzuki committing themselves to the auto pact.

I have not heard a commitment from Toyota or Honda to live up to the requirements of the auto pact, and we would very much like to hear when that will occur. If they have not made those commitments to date—and I am not aware that they have—and if we do not know when they will do so, what will the minister do about that issue? Why are we providing major assistance to those plants that have not committed to sourcing a major share of their value added right here in Canada?

In the select committee on economic affairs we had presentations—I remember the General Motors one particularly, but we had them from other auto industry people as well—which indicated that the probability is that those plants will result in less employment in Ontario than had we not got them, because of the potential that almost all the value added will be coming from outside Ontario and that these plants will be just component knock-down plants; they will not be assembly plants in the true sense of the word. We are giving the Japanese an opportunity to take a much bigger share of our market and the American market without getting a commensurate share of the economic benefit in the jobs that are associated with the vehicles they will be able to sell out of those plants.

Moving on to page 29, we get into the issue of free trade. The minister says: "We are not opposed to the free trade talks between Canada and the United States. The government of Ontario has consistently remained open-minded on the issue." Then he goes on to say, "However, we have taken a tough stand on our objectives in these talks."

I do not know when we have taken a tough stand on our objectives. I do not know when we have ever stated what our objectives were in these talks. I want to know with greater clarity what the objectives of the ministry are in free trade and at what point the ministry or the government will be taking a stand on these talks. At this point it is a little late to say, as the minister does on page 30, "The province has consistently requested that the federal government outline its approach to provincial involvement in any trade arrangement." We are into the serious negotiations now. Formal negotiations have been going on for six months or so, and we are still requesting what our involvement should be in them. It seems to me that if we are still asking that we are not involved and we have missed the boat.

At the top of page 31, there is a reference that provisions that have been established in the auto pact should be part of the provisions of this trade

agreement. I read into this that the Ontario government is asking for Canadian content to be one of the objectives and safeguards included in the agreement. However, I have never heard either the American or the Canadian negotiators talk about Canadian content as being on the agenda for these talks. In fact, particularly from the American side, the position has always been that a content requirement is the antithesis of free trade and is a restriction on trade.

I agree with the need for content requirements to assist in establishing industries in areas where we would like them and do not have them today, such as in the area of machinery, but to suggest that this is one of the things you are insisting on seems to be coming out of some lack of understanding of what is actually going on between the participants. Do you know something we do not know about discussions of Canadian content in these talks?

On page 32, reference is made to the softwood lumber situation. Certainly this is one where we have really stepped into a trap. The federal government, with the co-operation of the provincial governments, particularly British Columbia and Ontario, conceded the case before we started by offering 10 per cent. When that was done by Pat Carney, it basically said we could not win our case that there was not a subsidy. It became the floor for the subsidy that could be announced by the Department of Commerce.

I do not know how we are going to get this judgement reversed after having taken that negotiating position. I wish our ministry had been stronger in the stand we took and not conceded this issue. We won three years ago on a case whose facts have not changed substantially since then. If it were going to be a nonpolitical decision—there was some question whether it would have been, but if it were a legitimate American process—the result would have been the same as three years ago. Now we have lost that opportunity and the opportunity to argue persuasively that the judgement was a purely political one.

At the top of page 34, there is discussion of other irritants besides lumber. Steel, cement and telecommunications equipment are mentioned. Perhaps the minister can fill us in on what is happening in those discussions. Most particularly of interest to me is his best information on the steel dispute with the United States and the possibility that we will have legislated quotas for the Canadian steel industry.

The final point I want to address starts on page 43. You are talking about technology. Near the

top of page 43, you talk about the council that has been put together to manage this billion-dollar technology fund. I understand there is to be \$100 million per year and I would like to know where it is in the estimates, if it is in these estimates or if it is elsewhere, how it is being spent this year and where it is being spent geographically.

17:10

The estimate total is up by well over \$100 million, but from some of the explanations given in the detailed estimates documents, indications are that there is not \$100 million in new funds. Most of that increase is from the reallocation of funds from the Board of Industrial Leadership and Development and other programs. I assume that this \$100 million is somewhere else.

In any case, I would like to hear how that council is operating. What has it done to date? When are we going to hear these major announcements on the allocations of those funds? Will the first \$100 million be spent this fiscal year?

In the area of guiding Ontario's technological development, the minister would be well advised to take some of the advice of the representative from Volvo who spoke at great length at the dinner. He spoke very well and persuasively about looking at new approaches, developing true consensus on where we want to go and having all the stakeholders involved in the decision-making process. In doing so, we would ensure that those who have a stake in the decisions on a major enterprise such as his or on the technological direction for a region such as northern Ontario would be involved in the decision-making process and in laying out where we go in the future with technology.

As he suggested, Ontario or even Canada, like Sweden, is far too small to be able to develop high technology in all areas. We cannot pretend to be technology experts in all fields of endeavour, as the Americans might be able to do or as Europe as a whole might be able to do, but there are many areas where we can find niches and specialties, with products and resources and the people we have today, that make the most sense for our province. We want to focus our energies to ensure that the technology we develop will make sense for Ontario and will lead to a stronger economy in the years to come.

At the top of page 45, it says that the ministry is reviewing the technology centres to see how to enhance their efficiency and effectiveness. Back in the spring I had the opportunity to visit three of the technology centres and I found that quite a worthwhile experience. I think there is some

value in maintaining those types of centres. I understand that there is very strong concern within the technology centres that they are in the process of being phased out by this government. If that is the intention, I would like to know what the minister's plans are for these centres both in the short run and in the longer run.

There are some aspects of the centres that have potential for privatization, but there are other aspects that require ongoing government assistance. The centres work best when they are used as an opportunity to educate and train competent new people in a specialized area of technology. Those centres that have strong technological staff are doing us the greatest good.

I have some serious questions about the centre located in Sudbury. I did not see it, but from everything I hear or understand about that centre, it is the kind of operation where government is basically a funding source to assist the private sector with its implementation of technology. It is not an opportunity actually to expand technology and develop expertise within the province.

That concludes my reaction to the comments of the minister. I will have questions for the minister on talks that have been going on with the Algoma Steel Corp. and with the Algoma Central Railway about some of the problems they are facing. Right now there is a problem with freight rates for carrying sinter from Wawa down to Algoma Steel. It is a problem that is being faced today. In the longer run there are some very serious questions about the long-term future of that steel company, and I have discussed this previously with the minister and various members of his ministry.

I would call attention to the third quarter results from Algoma Steel and some of the statements that are in those results. I quote:

"On October 17 the corporation announced the deferral of construction on three projects involving an aggregate capital expenditure of approximately \$70 million.

"These projects include the addition of ladle metallurgy in the number one steelmaking shop, conversion of the bloom caster to produce cast rounds in addition to blooms and the installation of equipment to produce head-hardened rails using the corporation's patented technology. However, preparatory work, including engineering, will be completed so that construction could commence as soon as the new labour agreement has been concluded."

The labour agreement at Algoma Steel is not coming up until August 1, 1987. However, as is well known down here, the company announced

a major down-sizing operation at the end of the first quarter of 1986, in April. The plan involved the phasing out of all ingot production from the steel company over a period of just over a year. The target date for that was July 1, 1987.

At least two of these three projects were part of this down-sizing plan. Now the corporation is saying it is going to go to the 100 per cent cast production, but it is not including the number one ladle metallurgy shop, it is not converting the bloom caster to produce cast rounds and there is a serious question about whether the corporation will have the capability to do it at that time.

17:20

I know the ministry has been in touch with Algoma Steel on a number of issues, and I would like to know what the minister's reaction is to the company's plan. Some of the implications would include the possibility that it would not be able to feed some of the mills it has now. Unless it gets the conversion to produce the rounds, I do not know where it will have the capability to produce some of the tube product if the tube market recovers at all and if there is some business for that market. There are some real contradictions about the direction in which this corporation, which is vital to Sault Ste. Marie, is going.

I am going to have some questions on the report on the development corporations and the listing of all the loans and guarantees from the various development corporations to various operations. There are some very large, long-term, zero interest loans being provided that I want to ask about. I read them as zero interest loans. Maybe they are just guarantees.

Most of them are for tourist operations, and they appear to be going into a very competitive business. I do not understand how we can give a major long-term loan, what appears to be a 15-year loan for \$1 million at zero interest, to one hotel or motel operator. There are lots of other hotels. They are not all getting them. Some are getting them and some are not. I do not know how we manage to do that.

I will have questions on the Northern Ontario Development Corp. program for King Mountain. I brought that issue up at the last estimates. Perhaps we can have somebody here who can talk about its status. I have a letter on that from the minister dated February 27, so I want an update from then.

Finally, I would like to go through a program of 10 steps that I feel would lead towards improved competitiveness in northern Ontario.

The first initiative this government should look at seriously is a northern Ontario fund. The

key to economic development in northern Ontario is to diversify the resource-based economy. To compete, the north must have a fair and reasonable access to and control over capital for investment. That is why we have been advocating a northern Ontario fund similar to the Norrland fund in Sweden, which has also been endorsed by the Rosehart committee report.

A fund would be established through the consolidation of existing northern development funds and programs and with an additional earmarked percentage of provincial revenue from resource-industry taxation to provide that necessary capital. Under the direction of northerners, the fund would provide grants and loans, take part in joint ventures and invest directly in promising new opportunities.

A second step that should be looked at is the use of planning agreements. A capital loan will not make the north a competitive force. Diversification must be based on priorities established by people from northern Ontario. That is why I am committed to ensuring local input into the determination of how moneys put into a northern Ontario fund would be invested. That is why I believe that specific community resource planning agreements among the provincial government, the local communities and the resource companies would better ensure that the development of local resources does benefit local communities.

A third requirement in northern Ontario is the equalization of gasoline prices. Nothing is more symbolic of the constraints on competitiveness imposed on the north from outside than the inexcusable and outrageous higher costs of gasoline that the north is forced to endure. For the north to be competitive, especially given the great distances between communities, this price-gouging must end. The oil companies will not regulate themselves; therefore, the government will have to step in.

I have been speaking on this issue on a consistent basis since I have been elected, and it is an issue that is probably a more consistent irritant than any I can think of for northerners, not only in my community but also across northern Ontario. It is an irritant that affects not only consumers but also industry and business in the north because of the distances involved and the amounts of goods and services that have to come into northern Ontario from southern Ontario or elsewhere. It puts us at a real competitive disadvantage with regard to the cost of hauling these materials to northern Ontario.

A fourth opportunity is for job creation through responsible forest management. The recent imposition of a 15 per cent duty on softwood lumber exports from Canada to the United States has eroded the competitiveness of an important and successful northern Ontario industry. It is no secret that the federal government's offer to impose a 10 per cent surcharge on the provincial stumpage fees had an effect on the decision, and it is also no secret that the Minister of Industry, Trade and Technology, in his words, "reluctantly went along with the decision."

This new duty, which may yet be reversed, has already caused job losses in the north, and if it is not overturned, there will be more. A lot of the lumber industry in the north is still rebuilding inventory that was totally depleted at the time of the imposition of this duty, and once that inventory is rebuilt, if we are not by that point starting to get sales back into the US, there will be a lot more layoffs than we have already seen.

There is also a longer-term threat to employment in the forest industry, and that is the issue of reforestation. While this is not directly under this ministry, it is an issue in terms of the need to have the resource there to support those industries that would utilize the forest resources in northern Ontario. An enhanced reforestation program is necessary to ensure a supply of trees and to protect the jobs in the forestry, pulp and paper, and wood products industries in the future. Such a reforestation effort would also create immediate jobs in northern Ontario today.

Forest management must also be entrusted to the people whom it affects. The forests are huge. The area is immense. One cannot comprehend what is going on in those areas from Toronto or from any one location. It is necessary to put the authority in the hands of local foresters, professional people who understand the local forests and who can manage those forests in the best long-term interests of the communities that are affected by them.

There are tremendous opportunities for mining-related and manufacturing-related jobs. Being competitive does not mean being the hewers of wood and drawers of water. It means developing an integrated economy on a par with that of southern Ontario. Immediate construction jobs and long-term mining jobs could be created simply by requiring Falconbridge in Sudbury and Kidd Creek Mines in Timmins to obey a law passed in 1917 requiring that they process their ores before shipping them to the south.

The northern Ontario economy can be diversified and we can become a competitive force if we embark upon a program of import replacement. Such a program could be producing mining-related, forestry-related and pulp-and-paper-related machinery. Machinery is one of the industries where we have the most serious deficit in trade, but heavy machinery is an area where Canada is a huge user, and it could be a major opportunity for new industrial growth in our province.

The sixth area of effort should be the area of education and research. In order to develop the technologies and train the workers necessary to be competitive in today's international market, a first-rate educational and research capacity must be developed in northern Ontario.

I have long favoured the strengthening of the post-secondary institutions in the north, such as Lakehead University and Laurentian University of Sudbury and Algoma College in Sault Ste. Marie, as well as the strengthening of the community-college structure in northern Ontario.

In the estimates last year I talked about the amount of our university funding that goes into northern Ontario and the fact that we are so disproportionately served compared to southern Ontario. Even in terms of population proportion, we are under what we should be getting. If you took the combined budgets of all the universities in northern Ontario, you would have less than half the budget of the University of Waterloo.

The funds that a city such as Kingston receives on an annual basis to support Queen's University—much larger than the total of all the spending on universities and community colleges in all of northern Ontario—provide a major economic stimulus to that area. A community such as that not only gets the direct spending but also gets a tremendous spinoff in terms of the educational talent that comes out of a university such as that and in terms of a lot of related industries and services that develop from the people who come from such a school.

I would also like to see the establishment of institutes in the north to provide research and development relative to northern needs. I have talked about this before. We should have a major forestry institute established in the north, we need a major Ontario mining development foundation, and I would like to see a northern technology research and development institute, which would support the development of secondary industry related to the basic resource sector

and provide more secondary manufacturing in northern Ontario.

I do not think anything happens in terms of new industry and new corporate ventures until you have the ideas. The development of the technology and research and development are critical to the development of industry in the early stages.

Another area in the north that is an opportunity for a stronger economy is the area of improved services. There is much-needed improvement of social services, be it hospital beds, cancer treatment clinics, medical specialists or therapists, that would greatly enhance the competitiveness of northern Ontario, not to mention enhancing the quality of life. In addition to creating jobs, these services are essential in maintaining a productive work force. They are essential to attracting quality, skilled people into northern Ontario and to attracting industrial enterprise. Companies will not locate in areas that do not have the infrastructure and services they need to support the people they have working for them in their operations.

The New Democratic Party has long endorsed the concept of locating a medical school in northern Ontario. This suggestion was endorsed in the report of the Advisory Committee on Resource Dependent Communities in Northern Ontario, chaired by Dr. Rosehart.

An eighth area of opportunity is in decentralizing government. Further decentralization of functions to northern Ontario is important. This is one of the areas where the government has been taking some action. It has relocated major components of the Ministry of Northern Development and Mines and the Ministry of Natural Resources to Sudbury and Sault Ste. Marie. Those are important initiatives, but a further move could be made that would ensure that more of the policies and programs that affect northern Ontario are formulated by decision-makers with a direct knowledge of and a stake in the affected communities in northern Ontario. Later I want to ask how many positions will be going into northern Ontario in conjunction with the relocation of the assistant deputy minister to Sault Ste. Marie.

The ninth point in terms of northern initiatives is in the area of tourism. Tourism will always be an important sector in the northern economy. However, New Democrats such as myself have never said it is the only sector. We will not accept that tourism is the only sector worth promoting, although tourism is an important resource-based industry. Entrepreneurial initiatives that are the

backbone of this industry in northern Ontario must be sustained and nurtured through support from the provincial government. It is the responsibility of government to provide a co-ordinating capacity and such essentials as more recreational facilities.

Reforestation and concerns about the environment have an important impact on that industry. People come to the north primarily to see our beautiful wilderness areas and to take advantage of the outdoor activities that are available in northern Ontario. There is a corporate responsibility to maintain the north in a state as close as possible to nature.

The tenth and final area of initiative that should be looked at for northern Ontario is the area of transportation and communications. The huge distances over which transportation and communications must take place in northern Ontario are a formidable barrier to competitiveness. No one, not even New Democrats, can

move Kenora closer to Kapuskasing. What we must do is to put more effort into expanding and upgrading the links that now exist in the north. At a time when government spending on roads and highways in the north is declining in real terms and the government is destroying and not replacing ageing bridges, we would like to see a commitment to create a transportation and communications grid in the north that rivals the grid that currently exists in southern Ontario.

In conclusion, northern Ontario can and will compete in the future, but it needs tools with which to compete and it needs a sign that the government has the will to pull its share of the weight. Northerners cannot do it themselves. The north needs the support of this provincial government, as well as initiatives and direction.

The committee considered other business at 5:40 p.m.

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 McKessock, R. (Grey L)
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Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Industry, Trade and Technology

Second Session, 33rd Parliament
Thursday, November 13, 1986

Speaker: Honourable H. A. Edighoffer
Clerk of the House: C. L. DesRosiers



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday, November 13, 1986

The committee met at 10:16 a.m. in room 228.
ESTIMATES, MINISTRY OF
INDUSTRY, TRADE AND
TECHNOLOGY (continued)

On vote 2001, ministry administration program:

Mr. Chairman: Good morning. We are on the last 12 hours and 10 minutes of the Ministry of Industry, Trade and Technology estimates. We were on vote 2001, but we had agreed that the discussion would be wide-ranging and not by item.

I believe the minister has the answers to questions asked during our sessions last week.

Hon. Mr. O'Neil: To begin I would like to thank Mr. Brandt, Mr. Barlow and Mr. Morin-Strom for their comments. I would like to emphasize that I understand and appreciate their support for the mandate and work of my ministry. I, too, agree that MITT is a first-class organization with the vitally important role of creating a bigger economic pie that will benefit everyone in Ontario.

All three members raised a number of questions about the way in which this ministry works and the issues it deals with. I would like to spend a few minutes responding to these, but first I have some general comments.

I certainly agree that the new government cannot take full credit for the recent strength displayed by many, but not all, sectors of the Ontario economy. That is a reflection of several factors including growth in both domestic and foreign demand for our products. However, our new policies and programs must also take credit for the fortunate situation we now find ourselves in.

I would also like to reject emphatically the suggestion that issues such as US protectionism and the difficulties of the north are new. The opposition should acknowledge that they have been around for decades. What is new is that we are attempting to address these problems with constructive, long-term solutions that will still be effective many years from now. We are not satisfied with a few Band-Aid, quick-fix actions that will be irrelevant within six months.

I would like to deal with the particular concerns raised by the various members. I will

discuss them in the order they came up to make it easier for those members to track the responses.

Mr. Brandt expressed some reservations about the recently announced realignment of my ministry. The ministry's reorganization was not taken lightly. Changes are being brought about only after careful consideration of senior ministry staff, central agencies and others.

I am happy to provide the committee with a preliminary copy of both the new organization charts and the letter to the ministry staff describing the changes. I believe we have these for distribution and we will distribute them to the members.

The current estimates process relates to our 1986-87 expenditures. The funds voted on for this period will continue to be spent under the framework as outlined in the estimates briefing book. There is no change in the total amount being spent and all branches will continue to operate within the total amount provided in these estimates.

In a broader sense, these changes are being undertaken in response to what I saw was a need to adjust to a new environment. To be frank, I was concerned about the following: an inadequate ability to respond to regional development issues, particularly in the north and regions such as Sarnia and my own riding in eastern Ontario; a narrow focus on secondary manufacturing, a vital area but still less than a third of overall economic activity; a tendency to treat trade and investment as distinct issues, rather than integral and interrelated aspects of economic development.

Let me make some further comments on questions regarding the reorganization. The new assistant deputy minister for industry and trade expansion will be recruited by open competition, which will enable us to choose from the best talent available in Ontario. In fact, the advertisement is in the newspaper this morning.

Mr. Brandt criticized the merger of the industry and trade divisions of the ministry. These have similar functions and need close co-operation. Indeed, the combination of the two under one assistant deputy minister was in place for many years and worked well. They are a good fit. The new assistant deputy minister will certainly carry a heavy load but will continue to

enjoy considerable support for the new, more cohesive role.

Mr. Brandt will also be aware that Ontario international offices are responsible for both trade and investment. This new division will bring domestic field offices and international offices under one assistant deputy minister to bring Ontario businesses closer to international opportunities.

Mr. Brandt also expressed concern about the decision to close our Brussels, Philadelphia and San Francisco international trade offices. These decisions were taken in response to the changing international market conditions. He will be aware that the previous government made quite a habit of closing offices—11 to be exact, including Brussels.

We are confident our Los Angeles and New York offices are quite capable of taking over the added load. I might point out that while the state of Pennsylvania did buy \$1.4 billion worth of Ontario goods last year, as Mr. Brandt noted, the states of Michigan and Ohio bought even more; yet we have never had offices there. As for Brussels, statistics indeed show that Belgium is our ninth-largest trading partner, but the figures are totally distorted by the fact that many shipments go through Belgium to other European destinations.

Let me add that this government's support for the province's export drive has in no way diminished. Quite the contrary. We have recently opened new facilities in the rapidly growing countries of South Korea, Singapore and China. We have dramatically increased our efforts in the Japanese market to secure investment, trade, technology transfers and cultural linkages. Our trade efforts are being enhanced. I do not know where Mr. Brandt gets his impression, but it certainly is not from my actions or those of the Premier (Mr. Peterson). We are both just back from major trade and investment missions abroad.

I will now deal with the questions surrounding my ministry's role as an advocate for Ontario industry. As I said in my earlier statement, I have spent much of the past few months meeting with the major industrial and trade groups representing all areas of the Ontario economy. There was a thorough, frank and open exchange of views between us. I can assure Mr. Brandt these views are brought to the attention of my fellow members of cabinet.

In reference to a particular request on our position concerning Bill 131, I would like to make a few comments. The bill is intended to

ensure fair and equitable treatment of all businesses with respect to liability for business tax. It is also intended to ensure that municipalities receive all revenues due them. Some concern has been expressed that organizations such as the Canadian Manufacturers' Association and the Canadian Federation of Independent Business could become liable for business tax. Let me assure the member that organizations such as the CMA and the CFIB, which were never liable for tax in the past, will not be assessed in the future.

With the bill before the standing committee on general government, the public will have every opportunity to comment on the legislation. My ministry will be monitoring these hearings closely as well as urging those interested or affected to make representation to the standing committee. We will also be advocating the interests of the business community to the Ministry of Revenue.

I was also asked about the small business advocacy section. That section's staff works on a great number of issues, virtually all aspects of legislation and public policy that affect owners of small firms and their employees. Currently, there are projects under way in the fields of taxation, labour relations, business practices, financing, regulation and economic development. Recently, the small business advocacy group has focused special attention on the role of entrepreneurship in the development of northern Ontario.

I am also happy to outline details of the immigrant entrepreneur program requested by Mr. Brandt. This section is in the investment branch. Its staff consists of a manager, five consultants and three support staff. In the period April to September 1986, 422 applications by entrepreneurs have been processed and 105 entrepreneurs have established themselves in Ontario, investing \$29.14 million in creating 1,089 new jobs.

The entrepreneur section processes an average of 70 cases and interviews about 120 business immigrants each month. The average time taken to investigate and render a decision is three to four weeks. Processing a case involves consultations with various members of the business community and is time consuming.

Entrepreneurs are encouraged to locate in areas where their business expertise and capital will make an impact on the community providing, of course, that the venture is compatible with the locale.

The expanded business immigrant investment program is progressing satisfactorily. So far, six projects have been approved by the committee.

These call for 73 investors to invest \$18.38 million to create an estimated 221 jobs. The projects are in Collingwood, North Bay, Ottawa, St. Catharines, Markham and Toronto. In order to assist members further, I am providing a breakdown of the various statistics concerning these programs. I believe we have those statistics, which we will pass out to the members.

I will now turn to Mr. Brandt's comments on the government's industrial strategy, which he suggested consisted of nothing more than the Premier's Council. The council is just one part of a comprehensive program to build this province into a top-ranking industrial power. Innovation Ontario Corp., new ventures, the trade initiatives and the other recently announced programs have all been designed with that big picture in mind.

In response to the particular questions on the Premier's Council, the council has met three times. To date, \$114,645 has flowed from the technology fund to the university research fund. It is estimated that \$2 million will flow to the university fund in 1986-87. The council has been actively considering eligibility criteria and an approval process for projects under the technology fund. This exercise is almost complete and, once Management Board and cabinet approval are obtained, the council's secretariat will begin screening applications.

Let me deal with several other points very quickly. I am pleased to table two reports in response to Mr. Brandt's request for the studies on the forestry and plastics industries. The final report on the packaging industry is not yet available. I believe the two reports I mentioned were distributed to the different caucus offices.

Mr. Lavelle: We have additional copies.

Hon. Mr. O'Neil: We have additional copies here. I think they were distributed last week after the estimates, but we will distribute these.

I can also confirm that the consulting groups that prepared the study on northern competitiveness did have access to the forestry report. As members are aware, the cost of the study was \$164,000. Staff in my ministry are in the process of finalizing the other expenses of the conference.

I should also mention that there was some misconception that the report was a very thin one. I believe they consist of—David, was it three?—

Mr. Redgrave: Yes.

Hon. Mr. O'Neil: —three very thick reports, which form part of that final conference study.

I will return to the problems facing our northern communities later in these remarks.

Before I do, I would like to address the concerns both Mr. Barlow and Mr. Morin-Strom had about the new ventures program. As I recall, there were several issues raised by the members. We were asked why it was necessary for successful applicants to hire one employee, whether \$15,000 is enough, how many inquiries we had received and what was the regional breakdown of loans. Mr. Barlow also suggested the program was too rigid.

It is the government's policy to encourage employment creation wherever possible. Under new ventures, borrowers are not required to hire one employee right from the start of operations but rather undertake to hire one employee some time during the five-year term. It is up to the lender to evaluate whether the business proposal has the growth potential to support the hiring. We will review the progress of these businesses via semi-annual reports. In other words, we will be monitoring through the semi-annual reports we get back on those. We would expect those that are prospering to fulfil their undertaking. However, it is not the government's intention to force marginal businesses under by insisting on the hiring of one employee.

On the question of rigidity, new ventures are processed and approved by more than 1,600 lender branches across Ontario. We need clear, precise guidelines and eligibility criteria. Since the objective of the program is to fund brand new business startups, ongoing part-time operations prior to May 13, 1986, are not eligible.

10:30

The small business hotline has received 8,000 inquiries about new ventures since the program was launched September 8, 1986. How many of these inquiries will materialize into serious applications remains to be seen. From information submitted by the lenders, the rejection rate of formal applications is running at 23 per cent.

As far as the \$15,000 maximum is concerned, statistics show that ownership capital for small business startups averages only \$15,000. By providing another \$15,000 via new ventures, we are attempting to overcome the problem of underfinancing. We have purposely left the assets of the new businesses unencumbered to assist additional conventional borrowing if necessary.

I am also enclosing financial details about the program and information regarding the regional distribution of loans. For the information of Mr. Morin-Strom, 33 loans have been approved in the north covering a whole gamut of enterprises from flower shops to car care companies.

I hope these comments help satisfy the concerns of the members about a program I feel is particularly appropriate in light of the vital and growing role small businesses are playing in the economy of this province.

As members are aware, we have also put together a committee of parliamentary assistants for small business. This committee meets twice a month on average and has held discussions with a wide range of business groups. These have included the Canadian Federation of Independent Business, the Canadian Organization of Small Business Inc., the Ontario Chamber of Commerce, the Canadian Manufacturers Association, the Canadian Association of Women Executives, the Retail Council of Canada and many others.

I would now like to turn to the subject of trade, which came in for some interesting comments from Mr. Brandt. I was especially intrigued to hear him urge us not to discount the free trade talks. We have not discounted the talks. Equally, we want to be sure we know what we are getting into before any agreement is signed.

Before considering free trade, let us look at the other policy tools than can be used to address the need for improved competitiveness in our industries. These include reduction of interprovincial trade barriers, research and development tax incentives, better skills development programs, investment incentives and promotion of global product mandating.

Both Mr. Brandt and Mr. Morin-Strom raised questions concerning our plans to assist the north, which has largely failed to share in the economic improvement so evident further south. I, too, share their concern about the economic problems affecting the region. As I said at the beginning, this is not a new problem. It has been present for many years and, because the problem is so deep-seated, policies cannot be developed overnight to solve it.

That is why we held the recent conference on northern competitiveness, to start laying the groundwork for those solutions. I feel this conference was subject to certain criticisms which resulted from a basic misunderstanding about what this government was trying to achieve. The conference was not an isolated event that would produce instant policy. It was intended as an opportunity to begin building a consensus on what should be the priorities for a stronger, more secure future for the region.

There was a recognition among participants that while government assistance and support is important, the initiatives and priorities must be developed by the people of the north. The

workshop session rejected the need for yet more programs. What was identified instead was the need to make better use of existing programs at all levels of government.

The conference was also a beginning. There will be a number of follow-up meetings. The workshop session leaders on skills and technology, market development and investment and entrepreneurship were requested to meet again with their panel members to identify further priority areas and begin to establish some solutions.

In addition, Dr. Bob Rosehart will conduct a one-day meeting with key northern labor and management leaders to identify areas of common interest. The task was difficult and the time was short, but I believe through the conference we have begun to establish a framework for a solid program to revitalize the north.

More than 350 people attended this event. They came from a broad cross-section of northern residents. Their enthusiastic response to this process indicates to me that we are on the right track.

Mr. Morin-Strom raised a number of questions about the consultants' report on northern competitiveness. Therefore, I would like to provide the committee with some background into how the report was prepared.

The study has four components: mining, steel, forestry and secondary industries, as well as two smaller papers dealing with investment and labour consultation. I am happy to pass the whole package to members for their review.

Mr. Morin-Strom criticized the report for its lack of consultation with labour and northern communities. This is incorrect. When the preliminary assessment of the competitiveness of northern industries was completed, a special consultation with labour groups was undertaken to provide balance to the report. Labour representatives proved highly co-operative and offered valuable input.

As far as consulting with northern communities is concerned, Stevenson Kellogg Ernst and Whinney conducted discussion groups across the north in 12 communities. Although no consultants with offices in northern Ontario were used for the mining, steel or forestry studies, most of the consultants involved have had extensive experience in these northern resource industries.

These studies were never intended to provide solutions. They were intended to provide a factual basis for the conference's discussions on northern opportunity. As I have already stated, we are not seeking temporary solutions to

permanent problems. Instead, any answers must emerge from an extensive process of consultation among business, labour, educators, communities and government. Our task is a broad one. We do, however, intend to follow through and give the north an opportunity to participate fully in the development of solutions to its own economic problems.

Members will be interested to know that in the course of the conference one of the most frequent comments made to me was that previous governments had imposed solutions on the north and had not given the people living there an adequate chance to play a role in deciding their own future. We intend to approach the problem from the opposite angle. We will be guided by what northerners want. This may not provide the instant solutions some people are looking for, but I believe in the long run we will be vastly better off for having chosen the route this government has decided to embark upon.

Our new assistant deputy minister for northern industry will play a key role in the development and implementation of policies for the north. We will use his experience as a northerner and a businessman to develop new trade and industrial opportunities. The ADM will have direct responsibility for the northern field offices, innovation centres, small business centres and the Ontario Centre for Resource Machinery Technology.

In addition, the ADM will work closely with the Northern Ontario Development Corp., the Ministry of Northern Development and Mines and all other federal, provincial and private sector agencies to provide the north with new innovative opportunities.

I believe I have answered the questions posed by the committee. I now look forward to discussing these or other topics in more detail.

Mr. McKessock: A lot of effort has gone into expanding the auto industry in the province. I wonder whether it has peaked and we are going to have automobiles coming out of our ears in a few years. What has the ministry done to encourage other sectors of industry to expand so that we have more than just the auto industry? It is very important, but it may have peaked.

Hon. Mr. O'Neil: When we talk about the auto industry, we are not only talking about the large plants such as Honda, Toyota, Suzuki or General Motors, but we are also talking about many of the auto parts manufacturing companies that will be supplying those plants. They will be starting up, or they may have plants in Ontario already and may expand. There may also be joint ventures that come from other countries.

The concern you have expressed is expressed by others, but I can assure you we are working quite hard to help wherever we can in the expansion of other types of industries throughout the province. A lot of that work is handled by the Ontario Development Corp., the Northern Ontario Development Corp. or the Eastern Ontario Development Corp., in assisting people in the manufacturing business to expand the businesses they have or even to start up new ones. There is assistance that way.

We have our domestic offices in Ontario and we have our foreign offices spread throughout the world. These offices, both within and outside the province, are always looking for opportunities to attract new industries to Ontario, help in the expansion of existing ones and help in whatever way they possibly can.

10:40

Also, we have the Innovation Ontario Corp., which is taking the place of the Innovation Development for Employment Advancement Corp. The Innovation Ontario Corp. will provide startup capital for companies in high technology, so that we can get new companies started. We hope these new technologies will be used in our manufacturing base to help expand the total manufacturing industry.

When we talk about industry, we believe one of the biggest industries, as Mr. Barlow would know, is the small business sector. Somewhere between 70 and 80 per cent of jobs created in Ontario are created through the startup or expansion of small businesses. We have given a lot of attention to this particular area in the Ministry of Industry, Trade and Technology and have a very active small business division. With my parliamentary assistant, Rick Ferraro, as business advocate and working with the small business sector, we have come up with new programs, for example, the new ventures program, which we feel will assist in many new business startups right across the province.

Mr. McKessock: There has been a considerable amount of assistance given to the auto industry, not necessarily in depressed areas. Are there any plans to give similar assistance in depressed areas of the province?

Hon. Mr. O'Neil: When auto industries come into Ontario and may be planning to build a plant, we make sure, through our plant locations division, that they have all the information from right across Ontario. We try to make sure they visit all parts of Ontario, not only southwestern Ontario. We try to make sure they visit the northern part, the eastern section and other parts

of Ontario. We have information available on all the municipalities and it is given to them. However, when it comes right down to it, the final decision on where they are going to locate is made, not by the ministry or the ministry staff, but by the companies themselves.

Mr. McKessock: You are saying the same assistance is available throughout the province, but not necessarily any special assistance in depressed areas to encourage them to go to depressed areas.

Hon. Mr. O'Neil: Again, it would depend upon what area is being referred to. If it is smaller businesses or things like that, the new ventures program on small business has zeroed in on eastern and northern Ontario, where they do not have the same matching funds. Is that part of what—

Mr. McKessock: It is part of it. I know you are concerned for the north and the east. My own area is caught in between. It is called southwestern Ontario, but we are up in Grey and Bruce counties. We are not really southern Ontario.

We have a problem attracting industry. Probably it is harder to attract industry to the north, next to the east and then to our area. We fit into the same category as the Bruce nuclear area where they are trying to develop industry. Then if you swing across from there at Port Elgin, through Hanover, Owen Sound, Meaford, it is difficult to get people to locate there if they have the same incentives to locate near the Golden Horseshoe, because they are closer to market and so forth. However, once we get people established in our area, we have no trouble keeping them.

They say another problem is labour. They like to have available three or four times the labour force they need. They do not sit around our area waiting for a plant to locate. I have all kinds of people living in my area who have second homes and are up there on weekends. They say, "If I could only get a job here, I could stay here all week, rather than weekends." I know labour would not be a problem. People like the area, but there has to be a special incentive to get an industry to locate there. This is similar to the north and the east.

Hon. Mr. O'Neil: Giving special assistance to any one area is looked at by the federal government. London might feel it needs additional industries or Chatham might feel it needs industries. How do we pick out the individual locations and say we will give grants only to that particular area and differentiate from the rest of the province? Perhaps the deputy would like to

touch on that too because he has been quite involved in negotiations with the company.

Mr. Lavelle: There are two things I would say. First, with respect to the auto industry, the general view is that we have not seen the end of the opportunities for additional investment in the automotive sector, particularly in the parts sector. We are very much aware of the views of the minister and the government with respect to encouraging companies, whether auto companies or otherwise, to locate in areas of the province that need a renewal of their industrial base.

In our discussions, although we obviously cannot give directions to companies, we point out to them very clearly where the areas of high unemployment are and where these types of investments would be beneficial. Indeed, we are looking at ways in which we might be able to assist that arrangement in a more direct way.

I guess the concern the minister was referring to is that there are federal programs—the industrial regional development program and others—that have been structured by the federal government on a tier one and tier two basis. We have found, with respect to Ontario, that structuring has made it more difficult for us to be flexible in terms of industrial assistance and encouragement of investment.

We have been in discussion with Ottawa for the past seven or eight months trying to change those programs and get a better understanding of where the federal government is going on shared-cost industrial development programs with the province. It is a problem the minister has brought to our attention on several occasions and we are attempting to come up with some answers; I hope we will have some soon.

Mr. McKessock: I know our area has a lot of advantages. One I have noticed this year concerning companies looking for places to stay is that the cost of labour is a factor. Whereas some companies in the US will pay \$20 an hour, the equivalent in our area would be perhaps \$7.50.

I also notice they look for places where there are no unions. Unions have outdone themselves in our area and are certainly a deterrent for some industries that are moving in. I think we have to be careful they do not go any further overboard than they have already or get special privileges. It seems to me the unions have a lot of special privileges. They have really annoyed some of the plant owners, and I suppose that is why owners look for areas that do not have unions. Some of the auto plants have been set up without unions.

One of the most recent ones, was it one of the European ones?—

Mr. Lavelle: Toyota and the one in Alliston.

Mr. McKessock: So far. Then one hears the union people saying it will only be for a matter of time because they are going to be in there. It always works from the outside rather than the inside, and that is very unfortunate. That is what I mean about the union having too much power. If it comes from inside, because there is a problem, that is great. If it comes from outside forces, I think it is hardly fair to the company or the people who are working there.

I have seen it happen in my area where 80 per cent of the people in the plant did not want a union; yet the union got in. I know that is true because they came to me and said, "How can we get rid of the union?" I said, "You can get a petition with 75 per cent of your labour force opposed to it and I will see that you meet with the minister." They came back in a week with 80 per cent signed against the union. I know we have some problems there.

10:50

Hon. Mr. O'Neil: It is important to make sure the municipalities in your riding are in close touch with ministry staff. They should have all the details about the city, town or village—maps, available industrial land, labour rates and total information about the area. They should keep in very close touch with the ministry to provide updates, to make sure that when people who are looking to expand or start new industries come to us, we have all that information to give to those prospective plant builders or owners or whatever they may be. I think it is very important that they keep in touch with our people in the ministry.

Mr. McKessock: I will switch now to the ventures program. I think that when it began a lot of people chuckled when you said \$15,000 and they said it was not going to do much good. I am really amazed at how it has taken off. I have had a lot of people come to the office over the years looking for \$10,000 to \$15,000. I know that until this year the government has been saying, "Go to the bank; it is their job to provide this sort of money," and then the bank would not do it. I think it has certainly filled a big gap. I wonder how much this program is costing the taxpayer. Is it costing the taxpayer money?

Hon. Mr. O'Neil: Just to give you an update, as of 5 p.m. on November 10 we had processed since September, 293 loans totalling \$3,904,150. The program seems to be catching on and it seems to be good.

Mr. McKessock: This is money the bank has lent—

Hon. Mr. O'Neil: That is money the bank has lent. What happens is that the bank lends its money and we act more or less as a guarantor that if any of those loans go bad, we will guarantee that the funding will be available.

We have found that the average investment made by people starting a small business was approximately \$15,000. We feel that if they can borrow \$15,000 and have a matching \$15,000, they will have equity over and above what they would normally need to start a business and make it successful. They are going to have more capital backing them.

Of course, in eastern and northern Ontario, they have to put up only 50 per cent of that, or \$7,500, when they borrow \$15,000. We feel that with more money in their pockets to finance the business, there is less chance of their going broke and more chance of their being successful. The government is there as a guarantor if any of those loans go bad.

Mr. McKessock: I have one concern here. A lot of these people will be new at starting a business. I wonder what direction your ministry gives them regarding hiring additional help, and sending in their income tax, unemployment insurance and pension contributions on a weekly basis. For some of them, it is a new game. If they are on the right track from the start, I think it is going to stop a lot of them from going under. They have to get a business sense right from the start. Are you giving them any direction in this area?

Hon. Mr. O'Neil: Yes. What we depend on is that there has to be a business plan, which is gone over. The application they fill out covers a lot of the things you just mentioned. They fill out the application and talk to the people in the bank to show them the business plan. The people at the bank go over the plan with them. We also have a follow-up, whereby we notify the people in the new business that certain things are available to assist them. One of them is the business hotline, which we started about a year ago.

Mr. Barlow: Who started it, though? It came under the previous administration.

Hon. Mr. O'Neil: It was started, but we have added to it. It was more or less talked about. It had not actually been put into effect, and we put it into effect.

To give Mr. Barlow credit, it has been an excellent thing. I have visited there myself and did one of the official openings. The number of

calls they get every day is fantastic. We have encouraged the people going into a new business under the new ventures program to get in touch with this hotline, where they will be put in touch with the appropriate government department, whether it is for accounting help or something to do with retail sales tax or things like that. We can assist them in that way.

Mr. McKessock: That is putting the initiative back on the entrepreneur, which is okay, but I am a little afraid that they may neglect some of these things simply because of oversight. Perhaps they could be sent a letter with a list, saying, "Have you done this?" as soon as the loan is approved. I forget now even what you are supposed to do, but reports on Canada pension, unemployment insurance and so on have to be sent monthly to the federal government agencies. Is somebody going to call on them or are you going to give them a list and ask, "Have you done these things?"

Hon. Mr. O'Neil: I will ask Peter Friedman to come up to the table. He is in charge of the new ventures program. Peter is very involved with it, and I believe the committee would appreciate hearing what he has to say.

Mr. Friedman: First of all, I agree with your point that the money is no more important than the help vis-à-vis the plan and the assistance we give at crucial times.

We do provide a checklist. In our book *Starting a Small Business in Ontario*, there is a checklist. In our business plan document, there is a checklist. We have an automatic follow-up system whereby someone will contact the business owner six months after it has started.

We are planning to have seminars for new business owners, to which they will be invited to discuss any problems or situations they face, because when many people start up their plan, the operation does not seem to go quite like the plan was supposed to. We will be dealing with them in that way. However, we have to leave it so they initiate it. One of the things we found out from them was that if we do not allow them to initiate the request, they do not pay much attention to the advice.

For instance, if they are interested in information on retail sales tax and we give them the information, they use it. If we give them information on retail sales tax when they are not thinking about retail sales tax but about other things, we find that by and large they do not use the information very effectively. As was mentioned, we were averaging about 350 calls a day on our hotline from all across Ontario. Most of the people are now aware of our hotline.

Mr. McKessock: Are you saying the retail sales tax would be one of your checklist things? "Have you applied for your permit?"

Mr. Friedman: Yes. But we leave it so that the owner has to initiate the request. We can provide the materials, but by and large we find they do not use the materials except when they are ready to use them.

Mr. McKessock: I suppose what I am saying is it would not be a bad idea to write them a letter within a month after the loan has been approved, asking, "Have you done these things?" The checklist could be outlined again, because starting a new business involves a lot of things and they are liable to overlook something. It is important for them to find out right at the start rather than six months later.

Mr. Friedman: We are planning to write them a letter right after we know they received the loan. There is already a plan for the minister to write them a letter.

Mr. McKessock: Maybe he can include the checklist again in the letter.

11:00

Hon. Mr. O'Neil: As was mentioned by Mr. Friedman, we follow it up from the ministry office. At present, we write to them saying we are pleased to see them enter into the new business venture, and we mention that the hotline is available if they need any additional information. Perhaps some of your suggestions could be incorporated into that same letter.

Mr. McKessock: You say it is in your booklet called *Starting a Small Business in Ontario*. Do they get a copy of that when they apply for the loan?

Mr. Friedman: Yes.

Mr. Barlow: I have several questions on new ventures. Mr. Friedman may be able to assist the minister with some of the concerns I have. I am trying to catch Mr. Friedman before he gets away.

In his response, the minister explained how the new ventures program works. One of the questions I would like to follow up on is his suggestion that one does not need a full-time employee to begin with—I think that is what he said—as long as the thought is there some time during the first five-year period.

Hon. Mr. O'Neil: To give you an example, I was in Sault Ste. Marie for the official opening of the new ventures program at one of the banks. The first borrowers under this plan were there; they were a husband-and-wife team who were

planning to start a restaurant in the area, and they were hiring four additional people.

There will be situations where you may have one to five or even more employees, and you may have others where it is a husband-and-wife team or just one person who can handle it. Usually, we are finding they need more than one or two people to cover noon hours, longer hours or situations such as that. It depends on the business, but we are not enforcing that. We are saying we would like to see one additional person hired before the end of the five-year period, but we do not even stick to that, depending on the type of business.

Mr. Friedman: In designing the program, we mentioned hiring one additional employee for a couple of reasons. In 1985, 100,000 new businesses were started in Ontario. About one third of those are owner-operated businesses; that is, businesses that hire other people besides the owner of the business. The rest are called self-employed businesses. We were trying to target this program to the people who have a potential for hiring other people.

What we are saying to the financial institutions is that in the business plans they see, there ought to be the kind of business that has a potential for hiring other people. Certain businesses are basically designed as self-employment situations. They are fine, except they are not the kinds of businesses that are liable to create employment for other people. To some extent therefore, we are targeting the program to the people who have owner-operated businesses. During the five-year period, we are asking them to hire one person. We do not ask them to hire at the beginning of the process, but we like them to hire somebody in the process, if it makes sense. More than likely, they will anyway.

Mr. Barlow: What if a person starts up a business and says he has no interest in hiring anybody else? He just wants to run a particular kind of service business. That would more likely be the case in a service business. Are you saying he is not eligible if he says he does not intend to hire anybody else for the next five years or the next 100 years?

Mr. Friedman: The program was designed for the other kind of business. The reality is that, for people who start purely service businesses just for themselves, the \$15,000 they have for startup is normally sufficient. The extra \$15,000 they borrow through the new ventures program is intended to give them the ability to grow faster. In a service industry, for the person who starts a one-person shop, whether it be window cleaning

or whatever, that \$15,000 ingoing investment is usually sufficient to carry on.

Mr. Barlow: The brochure that is published—I thought I had a copy of it here, but I do not—definitely states that you must employ somebody in the first year of operation. Does it not say that?

Mr. Friedman: No, it does not. It is during the term of the agreement; it is five years.

Mr. Barlow: In reading that, I am concerned that many people believe only what they see in front of them. They assume they are not eligible. Perhaps more information might be helpful to those people.

Mr. Friedman: The brochure encourages people to phone the hotline, and the hotline clarifies the situation.

Hon. Mr. O'Neil: Mr. Barlow raises a good point. They should be made aware that it is within the five-year period. Your point is a valid one.

Mr. Friedman: The financial institutions have indicated to us that this situation has not been a problem so far. They have not turned people down because they said they were going to start that kind of an operation.

Hon. Mr. O'Neil: There has been some question as to the regional distribution. We are talking especially about the east and the west, where only 50 per cent is required. As of November 10, the north had 33 loans approved for a total of \$458,600, which is 12 per cent of the total amount. The east had 53 loans approved for a total of \$717,600 which is 18 per cent of the total amount. The south had 207 loans approved for a total of \$2,727,950, which is 70 per cent of the total amount.

We also keep a breakdown as to the male-female borrowers. Females made 93 successful loan applications, which is 23 per cent. Males made 306 applications, which is 77 per cent. Therefore, almost 25 per cent of the loans were made by female entrepreneurs starting businesses. We are quite pleased with that figure, but we would like to see it even higher.

Mr. Chairman: The communication may have broken down a little, because the first announcement was in the budget, where it was very clear that you had to have the \$15,000 to match the ministry's loan and that it was employment-oriented. That is where people got the idea they had to hire somebody or not to bother applying.

Mr. McKessock: You talk about "employment-oriented." Even if you are self-

employed, you have created a job. I know some who are leaving employment to start their own business. Somebody has to be hired to fill the place they have left; so, in fact, they are creating a job. They may not be hiring anybody, but even if they are self-employed they have created a job. If you look at it in the long range, you are giving it to people who may be able to hire someone in the next five years. Any business may expand to hire somebody—even a service business.

Mr. Barlow: In the initial stages, I understand there was a considerable amount of confusion, not with the head offices of the banks but with the bank branches. Many of the branches did not have the information in their hands. People would go to a bank and there was confusion. The manager would not know anything about it or not have the guidelines and would tell people they were ineligible. Has that been corrected now? Do all the branches have the information so there is no confusion? That is one thing that cropped up on several occasions in the early stages.

Hon. Mr. O'Neil: The program was announced in the budget. To get a program like this working, you have all the paperwork and organization to get the banks on stream. The program began the first week of September, and we are quite pleased the staff was able to do the excellent job it did to get it ready between the time of the budget and the first part of September. As you realize, there was a lot of work in getting it organized.

No doubt there may have been some problems initially in trying to get the plan into operation so quickly, and some of the branches may not have been up on it as much as they should have, but I think we have pretty well cleared up those problems. Again, certain branches are liable to be more unfamiliar with the plan than others, and they will have to make themselves more familiar. We feel it is working fairly well, although as you suggested, there were some hitches at the beginning in trying to get all the information out so the branches would know about it.

11:10

Mr. Barlow: Every branch of every bank is not a lending institution, so to speak, is it?

Mr. Friedman: The Bank of Nova Scotia has every one of its branches as a lending institution. Different banks have designated different mechanisms to do it. In all our promotional material, we ask people to call the hotline. When someone phones the hotline and says, for example, "I am calling from Meaford, and I deal with the Toronto-Dominion Bank" or whatever, we tell

him the closest branch of that bank that deals with the program. Our hotline directs the people to the branch that is nearest to where they are, at whichever bank they wish to deal with.

Mr. Barlow: I understand that one person who lives north of Kitchener, St. Jacobs or somewhere or other, went into a branch of his bank to get the information, and he ended up having to go down to Waterloo. It could be a small businessman, or perhaps the guy is still working at another job, and yet he has to drive around to get the information. I realize that would be a problem with the bank and not the ministry, but I wonder whether there is direction there to encourage those banks that do not have the information at every branch to make it available at more of them.

Hon. Mr. O'Neil: One of the reasons we chose this system was that we have a province where there are branches of most of these banks throughout the province. It was one way of getting the money and the program out to people. If we had tried to administer it through ministry offices or something such as that, we would not have had that coverage. While there may be certain pockets, the odd place, maybe some of the smaller centres that might not be as up on it as possible, we hope that because of its popularity so far, it will spread to all the branches and there will be coverage from there.

Mr. G. I. Miller: Are all banks participating?

Mr. Friedman: Yes. The five major banks are participating, plus National Victoria and Grey Trust, so far.

Mr. Barlow: The one criterion is that a person who has been operating a business on a part-time basis as of a certain cutoff date—some time in May, I believe you said—would not be eligible for this loan. I am thinking of the type of person—and there are many of them around—who has a turret lathe or a milling machine in the basement or garage, where he goes home at night and does a couple of parts for a particular plant. Now, all of a sudden, this person decides he wants to go into business for himself on a full-time basis. I understand one criterion says that if he were operating as a part-time business prior to such and such a date, he would not be eligible for the new ventures program.

Mr. Friedman: We had to find a way to designate a new business. We spent a lot of hours and a lot of time trying to designate what would basically be a new business. In Ontario, a business has to be registered when it starts, by and large, so we are using the registration date as

the date of its start. If a person had not registered his business when he was working on it part-time, and then decided to register it when he wished to work on it full-time, then it would be eligible. However, if he had registered it as a business a year or two ago and had operated in whatever manner he wished, then we would not consider it a new business.

We had to have some way of designating them as new businesses. We could not ask that every bank officer make a judgement call on what is and what is not a new business. We had to have some ruling, and the ruling happened to be the registration date of the business. Therefore, part-time versus full-time would depend on whether the business was or was not registered.

Mr. Barlow: That would make it easier. Cambridge being an industrial town, there are a lot of people who have done that and have had very successful businesses.

Being in the type of business I am in, I am aware of many of these people who have been going on and on for years. Part of my business is moving industrial machinery around. We take a lathe and a milling machine and we put it in a fellow's garage and he can still hold his job at ABC company. All of a sudden, he says: "Now is the time. I have enough work ahead of me to make the jump." Are you telling me that as long as he is not registered to this point, he is going to be eligible as a new business?

Mr. Friedman: That is correct.

Mr. McKessock: Are you leaving that area?

Mr. Barlow: No, I have a couple of other questions. If you have something else, go ahead.

Mr. McKessock: On the ventures, my question is about the interest rates. Is there any set interest rate?

Mr. Friedman: Prime plus one.

Mr. McKessock: No banker can charge more than prime plus one?

Mr. Friedman: There is only one way a banker can charge more than prime plus one. We have negotiated an arrangement whereby the customer could have a fixed rate. If the customer would not like to have a floating rate at the bank but, for whatever reason, decides he would like to have a fixed interest rate for the term of the loan, banks would go along with that. However, the rate charged would be higher than prime plus one. That is the only time a bank can charge more than prime plus one. Otherwise it will be prime plus one.

Mr. McKessock: It is at the bank's discretion if the customer does not stick with the floating rate?

Mr. Friedman: It depends on the kind of interest rate. If the interest rate is going up very fast or going down very fast, it varies, but normally banks ask for an extra per cent—between one and one and a half per cent extra—if the customer wants a fixed rate for the loan for the period. They are not too keen on doing that either, but we have managed to get most of them to agree to it. Otherwise it is prime plus one.

Mr. Barlow: I am still with the new ventures program. Peter, you say the small business hotline is getting about 350 calls a day?

Mr. Friedman: Yes. They are not all on the new ventures program. Currently, about 100 a day are on the new ventures program.

Mr. Barlow: I know my office refers a lot of people on the technical questions. It is a good program.

Hon. Mr. O'Neil: One of the things we are quite pleased with is that our constituency offices have the little sticker on the hotline. We have had a lot of members from all parties call us to get supplies of those for the constituency offices. We have also had quite a request for the small business booklet we have. The members seem to like those.

Mr. Barlow: We go through dozens of those. It is an effective booklet and it is always kept updated. I think it is a good booklet.

How well is this new ventures program publicized? Are public relations and paid ads and so on used? Let me get at that from a different angle. Being part of the trucking industry, I have noticed there was a little blurb in their biweekly publication, *Trucking Update*, that covered many different programs. There was a little blurb in there, "Loans for New Small Businesses." There were four or five paragraphs about the program and how to get it.

Does the ministry go to the trade associations to say: "Look, this is available. Do you want to let your members know?" How does a trucking association pick up on this little article?

Mr. Friedman: The initial promotion stream we decided to use in the first month or two of operations was a campaign to go to all of the banks. We sent a poster and a card with all the brochures to the 1,600 branches of all the financial institutions. As well, that information was put in our Small Business Ontario newsletter that we ship to all the new small business owners or the people we know about who are thinking about starting a business. As well, at the registration office of the Ministry of Consumer and Commercial Relations, where people have to

register businesses, we give them a book and make available the new ventures program brochure.

11:20

As a second phase of promotion, we started to put ads in newspapers, initially in the north only, and we started to make contact with trade associations that might inform their members about this. The overall promotion program across the province is only now starting to gear up. Initially, because we wanted to see how it took off and what kind of problems were associated with it—as you said, in the very early days some banks did not have the information—we did not have an all-out splash in every newspaper in the province.

We are upscaling the promotion and only this week we started to increase the promotion in other parts of Ontario. We started with the north, where we thought we would need more rapid promotion, and in the east. We are now starting to go into other newspapers as well.

Mr. Barlow: Further to that, the Cambridge Reporter—

Hon. Mr. O’Neil: There were some ads put in there that advertised 50 per cent by mistake.

Mr. Barlow: That is exactly what I was going to raise.

Hon. Mr. O’Neil: They were supposed to go with 50 per cent in the north and the east only, so there was a mistake. That is one of the little problems we ran into. As you say, it was in your riding.

Mr. Barlow: This was in Tuesday night’s Cambridge Reporter. With other verbiage, it says that, for instance, if you have \$7,500 to invest, you can apply for a \$15,000 loan. Will that be corrected in southern Ontario?

Mr. Friedman: Yes.

Mr. Barlow: When I saw that, I thought it would attract a lot of business.

Mr. Friedman: The province-wide ads started to run this Monday. Unfortunately, they used the ad for the north in the papers, so five papers, including the Cambridge one, ran the northern ad. I was sure you would be asking the question. We are putting in a correction. Starting in today’s Hamilton and Kitchener-Waterloo papers, we will have the corrected information. As you see in the ad, fortunately or unfortunately, people have to phone the hotline. When they phone the hotline, we inform them the deal is not as good as they thought.

Mr. Barlow: I hope it does not lead to too many people being unhappy.

Mr. Friedman: So far, I do not believe it has.

Mr. Barlow: I will help cover your tail in our office anyway.

Those are all the questions I have on the new ventures program. Thank you, Peter. There is one other thing you might be able to answer for me. I cannot think of the name of the Kitchener office of the ministry that deals with small business.

Mr. Friedman: Self-help centre?

Mr. Barlow: That is it. That falls under your jurisdiction. While you are still at the table, I will say it is quite successful in the Kitchener area. Are there four or five of them around the province? Are there that many?

Mr. Friedman: There are two at the moment.

Hon. Mr. O’Neil: The other one is in Ottawa. We opened that about a month and a half or two months ago. They are the same. They have had many people coming into that office and many people calling. We are very pleased with the success of it and I guess you are too. It is just what it says, a self-help centre. People can go in there and get all kinds of help in starting up a business or those who are currently in business can get additional help. We are finding the concept a good one.

Mr. Barlow: It is a good concept. Do you see it expanding to other parts of Ontario?

Hon. Mr. O’Neil: We are looking at it, are we not, Peter?

Mr. Friedman: Yes.

Hon. Mr. O’Neil: We hope we will have additional centres.

Mr. Friedman: We are following a concept of what we call community economic development. A self-help centre is only one aspect of that. Community small business centres, which are opening in seven centres across Ontario, will also provide the kind of advice Mr. McKessock mentioned, to new startup people who are interested in getting hands-on help. We believe if ultimately you are going to give hands-on help, it has to be at the local level. We now have nine centres, seven community small business centres and two self-help centres. We are trying to put in place additional self-help centres in conjunction with local municipalities.

Mr. McKessock: What is the difference between those two?

Mr. Friedman: The community small business centres are what we call incubation centres,

out of which people actually operate their businesses. Self-help centres are places where we have put together all the information we know about starting a business. It is kind of a specialized library of knowhow on business startup with a knowledgeable person to staff it. Community small business centres will have that and maybe 20,000 square feet of space where a person who is starting and decides he needs flexible, lower-cost rental space can go and actually operate his business out of that centre. In the self-help centre, there is no place to operate.

Mr. McKessock: Are you talking about retail space or just office space?

Mr. Friedman: They are mostly industrial and service places. Mr. Barlow mentioned the person who is willing to start who has been working in his basement because he was not sure how well the business would do and did not want to put money into rental facilities. We are making available lower-cost, flexible spaces, meaning that someone could rent as small a space as needed. If he needs 500 square feet at the beginning, it is 500 square feet.

They may rent it for a few months to see how the thing goes. If the thing goes well, they may rent it for a longer period. They will have the additional ability to be close to people like themselves who are struggling to start a business. They can talk to one another and they can talk to a mentor. That is a person there to help them with the kind of problems you raised.

Mr. McKessock: It is like an industrial mall.

Mr. Friedman: Yes, except it is a flexible industrial mall with some management assistance and shared services. For instance, there will be shared secretarial services, shared telephone answering services, shared loading docks and all those things that are administrative costs to a new business, which they cannot afford. They will have to pay only a part of them.

Mr. McKessock: When did that start?

Mr. Friedman: It has been going for the past year and a half. They are in places such as London and Brantford.

Mr. Barlow: Kitchener is starting very soon.

Mr. Friedman: Yes. It is starting in December.

Mr. Barlow: Are there any small business centres in operation now?

Mr. Friedman: Yes, in Kanata, Brantford, London, York, Thunder Bay and other regions of the northwest.

Mr. Barlow: I agree that is a good concept as well and I think there will be a lot of business springing out of it. I agree with it totally. The board of directors started meeting two or three years ago in Kitchener. It came out of the University of Waterloo. Somebody up there was the initiator. Jack Duffy from Dunwoody and Co. is the head contact and running with the ball. Everybody is looking forward to it in our region.

Hon. Mr. O'Neil: The official opening will be on the afternoon of December 3.

Mr. Barlow: My invitation did not arrive yet, but thank you for the date.

Hon. Mr. O'Neil: The date was just decided this morning.

Mr. Barlow: So it is coming.

Hon. Mr. O'Neil: Peter, make sure Mr. Barlow gets an invitation to that, as long as he does not give me any trouble when he is there.

Mr. Barlow: I will try not to.

Mr. Chairman: Mr. Miller has a supplementary.

Mr. G. I. Miller: Are the development people of all the municipalities aware of the programs? Do you have a list? Are they kept up to date about what is available?

Hon. Mr. O'Neil: The incubator centres, the small business centres, have been very popular. As Peter mentioned, we have seven of them now and I think we could have more than 100. Many of the municipalities have shown interest in having them. At present, we have okayed only seven, because we want to see how they work and what the success rate is. We think it will be quite high. Then we hope we will be looking at expanding the program, but it is fairly expensive and we want to make sure the centres are working. We want to iron out some of the bugs and then we will be looking at whether to expand it.

11:30

Mr. McKessock: What facilities do you use? Do you rent existing facilities in towns?

Hon. Mr. O'Neil: The one in York and the one we opened in London both used abandoned factories. A group such as Mr. Barlow mentioned became interested and wanted to put something such as this together. They formed a board of directors and went into these abandoned factories. They divided off an office space at the front for such general services as secretarial and accounting. They then started to separate the factory into different sections. As Peter says, there may be a 500-square-foot section for

somebody starting out and somebody else might have 1,000 or 1,500 square feet. They would section off each area and they would turn out whatever they were producing, using the front section for accounting and things like that.

The one in York was literally an abandoned factory—windows were broken and everything else. They fixed it up. The same was true for the London factory. It provides quite a good facility, a good startup area and a chance for people wanting to get into business.

Mr. McKessock: You are talking about a board of directors. Is this administered by the local municipality?

Mr. Friedman: We have several models. The province is always a partner, either with the local municipality, as in Brantford, London, the Kitchener-Waterloo region and Cambridge; or as in Kanata, with a private organization. In Thunder Bay we are partners with a community college and other local people. The board of directors is basically a local group with government having a very small minority on it.

The board of directors is made up of municipal people and some of the other key people in the community. All the boards are basically set up that way. The government has, I believe, one representative on every one of them but that is all.

Mr. McKessock: Are they self-financing? How much money does the government put into this program?

Mr. Friedman: All of these are a three-year program as far as the government is concerned. They are intended to be self-financing after the first three years. The cost to the government varies from \$350,000 to \$650,000 over a three-year period depending on the size of the program. In all cases it goes down every year. The first year it is higher because the vacancy level is pretty high. As they fill up, our funding level goes from 80 per cent to 50 to 20 per cent. After three years, we hope the government will be out of it.

Mr. McKessock: You are more or less covering the rent, I suppose, plus the restoration service.

Mr. Friedman: The fix-up costs; yes, that is what we are trying to do.

Mr. McKessock: You have an employee in there.

Mr. Friedman: We are trying to lower the rent so that it is a little bit lower. We are covering the shared services and the hiring of a person, by and large, plus fixing up the place.

Hon. Mr. O'Neil: What we are hoping to do is help give a start to someone who wants to get into business. It is something like the new ventures program but it includes self-help and growth elements. They might have 500 square feet today, 1,000 next year and 1,500 the next year. We hope that at a certain stage their growth will be good enough to permit them to move into a building of their own or other new premises, permitting someone else to come in and fill their space. That growth would again occur until the new people get out on their own, employing more people and enlarging their businesses and so on.

Mr. Friedman: As you might have noticed from the estimates, the 1986-87 budget for community small business centres is \$2 million for seven of them. The reason we have two kinds of centres, as you asked before, is that the self-help centres cost about \$15,000 each, plus the person, totalling about \$35,000. Community small business centres cost a lot more but they provide a lot more. We are trying different things in different locations to see what the real needs are in the system over the next couple of years.

Mr. Barlow: Basically, the self-help centre is just a library with a person there to answer questions. I thought it was quite effective. I am glad to see the government is also carrying on this other initiative of the former government concerning small business centres.

Hon. Mr. O'Neil: I wondered when you would remind us of that.

Mr. Barlow: I thought I should in case you had forgotten.

Mr. Chairman: I was interested to hear that the incubator program started a year and a half ago.

Mr. Friedman: I suppose the first one actually started about a year and a half ago. The program goes back to the May 1984 budget of Mr. Grossman. That was when it originated, but it took a long time to go from the budget to the first opening.

Mr. G. I. Miller: We know a good thing when we see it.

Mr. Chairman: If I might interrupt for a moment, on the ventures program we have a lot of constituents coming to us with a lot of problems. In most cases the best way to help them is for the member to call somebody in a ministry to try to assist them. This is not customary with government, but it has been pointed out to my office that the best way to assist people with ventures is to make sure they call the

hotline. I agree with that; that is where they get their real help.

What I am really doing is complimenting you and saying to my colleagues that the best way to help people is not to help them but to tell them to phone the hotline. I have had tremendous success with that and get as much thanks as if I had done it myself; probably more. I want to compliment you on that aspect of it.

Mr. McKessock: That is good news, because sometimes when you call some of these government hotlines, whether federal or provincial, you get the runaround.

Mr. Chairman: That is exactly the point.

Mr. McKessock: The people on the hotline should be the people who have the answers.

Mr. Chairman: It works well.

Mr. Guindon: I have a supplementary question of Peter. What is the latest update on the incubator centre in Cornwall?

Mr. Friedman: Our people are going down there tomorrow. We are working our way through that one slowly and we expect we will have something going in the next couple of months. It is still active and it is still proceeding. There are some difficulties, as you are probably aware.

Hon. Mr. O'Neil: Do you have any idea for Mr. Guindon on when that will be opened? Can we give a little closer date?

Mr. Friedman: We are still negotiating, so it is very difficult to say. There is a building, so once the negotiations are completed we should be able to be operational in less than three months. That is the best guess I can give you, but it is certainly still going forward.

Mr. G. I. Miller: I want one further comment pertaining to the supplementary I was asking about working with the municipalities. In Haldimand-Norfolk we have an economic development official. This information would probably be useful to him and the other six municipalities in the region. I again ask, do they have that information on what is available and what is possible? How much contact do you have with municipalities?

Mr. Friedman: As you are aware, we have 18 field offices around the province and people calling on a number of clients out of those field offices. They are aware of all the programs we have in small business and they call on every single municipality. Further to that, we have more than 200 starting-a-small-business seminars across the province. In most situations, we

use the local economic development commissioner as our partner. We work quite hard and we have mailouts to most of the commissioners. I would hope that most of the local people are aware.

Mr. Chairman: Mr. Miller is not being impolite; he had to go to the phone.

Are there any other questions of Mr. Friedman?

Mr. Barlow: Not of Mr. Friedman.

Mr. Chairman: Thank you very much.

Mr. Barlow: Getting back to the minister: as you might recall, I attended the seminar on September 5, if I am not mistaken, on women in business, women ownership and entrepreneurs. I enjoyed it very much. It was a rather exciting time; myself and 650 women were there.

Hon. Mr. O'Neil: I enjoyed it too.

11:40

Mr. Barlow: I thought you would have. I talked to a lot of the people who were in attendance about their various success stories. Of course, many of them were there to learn whether they should make the jump into business and so forth. In the statistics we see from time to time about the success rate, women going into business seem to have a higher success rate than men.

In talking to a number of people at the conference, the persons in business were not putting the necessary bread and butter on the table. In other words, they were not necessarily supporting themselves and their families. They were subsidizing the family income, so to speak, but they were running quite a successful business. If that was the only income coming into the household, it would not be quite as successful.

Are there any breakout statistics that show who is really supporting the family? Is that sort of information available?

Hon. Mr. O'Neil: I will call upon Peter again, because this branch of the ministry was instrumental in setting up that conference. I agree with you; more than 600 women came in for this conference, it was well-handled and they went away very pleased with the results.

Peter, did we break the statistics down into those women who depend upon it for a sole income and those who provide a supplementary income?

Mr. Friedman: No, we did not. Women would be quite upset if they were told that some of their businesses are supplementary to other things. They all feel their businesses are no different from those of men who work part-time

in other things. We do not break them out in that mode.

I can provide all kinds of other statistics about women business owners but not whether they are doing it as a sole income earner or assisting a family income. I cannot give you that.

Hon. Mr. O'Neil: We are very pleased with the results we are seeing across the province as to the number of women going into business. When they prepare to go into it, they sometimes go into more detail than the men to make sure they are going to be successful.

On the night of the banquet on Friday evening, a point made to one of the bankers was that some women had problems when they went into a bank to apply for money to start up a business, because sometimes they were asked for guarantors. We have been trying to work on that with the banks.

There was a meeting of economic ministers a couple of weeks ago in Ottawa and I brought up the point with the bankers there—there were quite a few from different banks—of how they treated women when they went in to make an application. We were assured that this was not the case or should not be but they would look to improving it in any of the branches where it happened.

Through Peter and his division, along with the ministry staff, we are continually trying to make sure the banks look at it in that way.

Mr. Barlow: It is a good point. More than in the past, women are generally accepted by banks as being individuals who do this on their own initiative. I do not want my question misunderstood. I understand that when a woman or anybody else starts a business, it is done for a particular reason.

As I say, people who talked to me at the conference suggested—not very many of them, but some—they would never be able to make it on their own in this business, but they are doing quite well in the way they are handling their particular business.

Hon. Mr. O'Neil: How many conferences have we had?

Mr. Friedman: Five.

Hon. Mr. O'Neil: Five across the province and every one of those has been well-attended. The setup is such that the fee charged is fairly reasonable. A profit has been made on the seminars and the money is turned back to the community to help women's groups.

Mr. Friedman: The seminars are partnerships between us and either existing local women's groups or new ones we have formed. The profits

from the seminar stay in the community and are used for additional assistance at the local level: additional seminars, conferences and so on.

Hon. Mr. O'Neil: We are also working fairly closely with the federal government with respect to this meeting I mentioned a couple of weeks ago where we discussed small businesses and women entrepreneurs along with men entrepreneurs. We are trying to work very closely with them to get as much as we possibly can in terms of statistics relating to such things as this to assist us in helping entrepreneurs get started in this province.

Mr. Barlow: I know for sure we are going to have to come back on this one. I would like to move to the question I asked you in the House the other day.

Does what is happening in the Kitchener office relate to the restructuring of your office? At present, going by the family tree provided to us this morning, I understand you have central Ontario east, central Ontario west and southwestern Ontario domestic offices. Can you give me a breakdown, by county, what those represent so that I understand the geography?

Hon. Mr. O'Neil: I will have the deputy speak to this.

Mr. Lavelle: In terms of the counties I am not going to be able to be helpful. The recommendations relative to making some changes in the arrangements with respect to the local offices was really to try to respond to the fact that the Hamilton situation was not being adequately looked after in terms of the type of business demand that existed. For a fuller explanation of it, either David Girvin, or Mr. Blanchard whom I do not see out here and who is in charge of the regional offices, may be better equipped to do that.

This was a recommendation from the officials within the ministry in order to try to accommodate what had taken place in terms of the demand, the population growth and the allocation of offices throughout that particular region.

Mr. Barlow: This came to me through a copy of a letter to the minister from the chairman of one of the regions. He expressed a concern to you; that is when I got involved. I did a little telephoning and checking. Apparently it came out of a meeting of the board of directors of the small business centre of one of the regions. The word was dropped at that time that there were going to be changes there.

The industrialists in the region who used that office extensively were concerned that there

would be a reduction of manpower to look after that office, where the director had been located for quite a number of years. If he is going to be moved, is that going to take away from an expanding region? The entire Kitchener-Waterloo, Guelph and Cambridge area uses that office very extensively. Are we expanding that whole general area?

Hon. Mr. O'Neil: It is not the case that services will be cut down here. David, do you want to touch on it?

Mr. Girvin: In trying to address the generic issue, the preliminary discussions that have been held within the ministry were on reallocation in terms of manpower relative to the client base. As you can perhaps imagine, central east, which includes the offices of Willowdale—

Hon. Mr. O'Neil: When you talk about central east, would you explain what region that is?

Mr. Girvin: The three branch offices consist of Willowdale, Orillia and Peel. If one is looking at the actual structure of the work load, Peel and our office in the Fairview Mall account for a dramatic percentage in terms of the manufacturing client base within Ontario.

In terms of looking at the various options on redistribution of work load and client coverage, those options were discussed among the southwestern regions which traditionally have been broken up by county, along with the Ministry of Treasury and Economics guidelines, to provide conformity within government.

The major focus we were looking at was central east, which is the Metropolitan Toronto area going as far north as Orillia, with a very significant work load; central west, which includes Kitchener, Hamilton, Owen Sound and St. Catharines; and the southwestern region, which is the London area, running down to Windsor.

11:50

Various options were discussed. The major interest with Mr. Blanchard and his field directors was to make certain that the client relationship was not changed; that Mr. Barlow, the industrial development officer, was calling on O'Neil Industries for the past two years and that there would be some continuity in the ongoing relationship. The major focus was how to deliver the programs in the most effective fashion and how to distribute a work load within the regions relative to where the economic activity was occurring.

The issue I believe you are addressing is whether the area director will reside in Kitchener or in Hamilton, in terms of central west. To the best of my knowledge, a decision has not yet been determined. There have been discussions about some of those options, but what is basically driving that is not the location of the head office but the redistribution in terms of the industrial development officers and their client base.

Hon. Mr. O'Neil: I do not have a breakdown of the number of cases or the business that is handled between one office and the other. There was a real proportionate difference there between the two offices. We are trying to even up the work load for each of these offices.

Mr. Girvin: In industrial development terms, the Willowdale office, as opposed to having its head office in the Queen's Park complex, is a separate entity in terms of the central east region in order to service its clients. It has a staff of approximately 20 professional and support staff to look after the greater Metropolitan Toronto area.

Another significantly large office in terms of a dramatic client group is Peel, because of the expansion in northwestern Metropolitan Toronto.

Mr. Sterling: Last Friday, Mitel Corp. was about to lay off 500 people in Renfrew. Can you tell me what the ministry has done to assure the community that the impact of the layoff will be minimal?

Mr. G. I. Miller: On a point of order, Mr. Chairman: I think there is a vote coming up on a private member's bill this morning at 11:55. It is that time now.

Mr. Chairman: It is at 12.

Hon. Mr. O'Neil: We have been aware that there have been some problems with Mitel and its operation in Renfrew. Our staff has been in close contact, not only with the company but also with the federal government. We are quite upset with the number of layoffs there have been in that area.

As you are aware, Ottawa has a funding agreement with Mitel, undertakings from Investment Canada that potentially are being violated with the Renfrew closing. However, we have been advised that it is extremely reluctant to act forcibly in the light of its concern that Mitel as a whole, employing some 4,000 Canadians, might be jeopardized. We have ongoing discussions at present, both with the federal government and with Renfrew itself. Our ministry staff will be

available to help the people who are displaced there in any way we can.

Mr. Sterling: Have you met with or talked with either the mayor of Renfrew or the mayor of Kanata, where I think some of these layoffs will have an effect? Have you had any conversations yourself?

Hon. Mr. O'Neil: I have not personally.

Mr. Sterling: Who in your staff has had those conversations?

Mr. Lavelle: I would add that we were informed some time ago by Mr. Griffiths, the president of Mitel, about the problems the company was having. Officials of the ministry did meet with Mr. Griffiths in Ottawa or in Kanata to get a complete and full understanding of what the company was planning to do.

The real decision-making process in this case was between the federal government and the company because of the incentives which had been given by the federal government for the restructuring of the Mitel in the first place. Those discussions were and are ongoing, to the point where Mr. Griffiths informed us, I believe last Friday, that a decision was going to be made and announced.

We are watching what is taking place with great concern, as the minister has said. This is a major corporation in a restructuring and readjust-

ment phase. It did not come to us and ask for any specific assistance with respect to what it was going to announce. We have indicated our readiness to assist in any way we can.

Mr. Sterling: Have you talked to him since last Friday?

Mr. Lavelle: The last conversation I had with Mr. Griffiths was Friday afternoon. Whether there have been any further discussions with Mitel since that time—

Hon. Mr. O'Neil: I believe there have been.

Mr. Girvin: We had a conversation with the executive vice-president of finance of Mitel on Monday, and last evening I discussed it with the associate deputy minister of the Department of Regional Industrial Expansion, Bob Brown.

Mr. Chairman: I am sorry, Mr. Girvin, and others, we must go to the House. After question period, we will be considering Bill 131.

Mr. Sterling: Could I ask the minister, in closing, to place a call to the mayor of Renfrew and the mayor of Kanata to see if they can suggest anything positive you can do to assist both those municipalities?

Hon. Mr. O'Neil: I would be very pleased to do that. I appreciate the suggestion.

The committee recessed at 11:57 a.m.

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No. G-10

Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Supplementary Estimates, Ministry of Transportation and
Communications

Second Session, 33rd Parliament
Thursday, January 15, 1987

Speaker: Honourable H. A. Edighoffer
Clerk of the House: C. L. DesRosiers



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday, January 15, 1987

The committee met at 10:10 a.m. in room 228.

SUPPLEMENTARY ESTIMATES, MINISTRY OF TRANSPORTATION AND COMMUNICATIONS

Mr. Chairman: The standing committee on general government will come to order.

We are considering two sets of supplementary estimates for the Ministry of Transportation and Communications, numbered two and three. Number two is estimates supplementary to votes 2601, item 3, and 2605, item 1. Number three is supplementary estimates to votes 2606, item 1, and 2607, item 2.

Does the minister have any opening comments?

Hon. Mr. Fulton: No, Mr. Chairman, I did not come prepared to make any substantial opening comments, other than that I welcome the opportunity to be here once again in an attempt to clarify the expenditures of the ministry on behalf of the people of Ontario.

Recognizing those matters that are before us this morning, I have brought with me the deputy minister, Dave Hobbs; assistant deputy minister Gerry Johnston; assistant deputy minister Janice Service; and the general manager of GO Transit, Al Leach, since GO is before us for discussion.

I am sure any questions that may arise from the matters before us this morning can be handled by me and my staff. I understand we have a couple of hours, so I suggest we proceed.

Mr. Chairman: Thank you. Mr. Gregory, do you have anything to say at the start?

Mr. Gregory: I do not really have an opening statement. Since we have only a limited time, I would like to think it could be reserved for questions. I know a number of my colleagues have questions, and I am quite sure Mr. Pouliot will have a number of questions, not necessarily related to these estimates.

Mr. Chairman: Mr. Pouliot, are you making a statement or do you have questions?

Mr. Pouliot: Certainly a brief prelude, if I may.

Good morning. Again it is indeed a pleasure. I have another commitment very shortly, and therefore I will curtail my opening statement. It has been a very enjoyable but nevertheless too

short 10 hours. Many of us have been concentrating on what should be in the regulations. We will have ample opportunity to address this important subject matter in these two supplementary estimates.

We certainly do not have any comments on the first one. We may have a few words to say or questions on the airport expansion. This will limit our consideration of it. I have nothing else, Mr. Chairman.

Mr. Chairman: When do you have to leave, Mr. Pouliot?

Mr. Pouliot: At 11 o'clock.

Mr. Chairman: Mr. Gregory, if you go beyond 10:30, I might suggest that we let Mr. Pouliot on. Please proceed.

Mr. Gregory: Okay, curfew.

Mr. Chairman: That is probably fair.

Hon. Mr. Fulton: Bear in mind who is exercising sanctions. It is not the government side.

Mr. Gregory: He is one of my own colleagues, too.

You have been here long enough to know about the Queen's Park rumour mill. It works very actively.

Hon. Mr. Fulton: The only rumour I have heard is that if you have not heard a rumour by noon hour, start one.

Mr. Gregory: I am about to give you one. You can work on it.

The rumour has to do with some dispersal of activities within the ministry. I also heard that the Premier (Mr. Peterson) is going to be in North Bay today. Maybe this is part of the rumour that is wrong, but the rumour states that between 60 and 200 Ministry of Transportation and Communications jobs are being moved to North Bay. As I say, the rumour is unsubstantiated. Sometimes when we hear these rumours we have to investigate because we do not all hear in advance when someone is going to make an announcement. Is there any validity to that rumour?

Hon. Mr. Fulton: I am like you. The Premier has not called my office this morning, so I am really not aware of where he is. We already have a fairly significant complement of staff working in the North Bay regional office. If memory

in the North Bay regional office. If memory serves, there are about 450 people. I am not aware of any significant numbers. You mentioned a figure of 60 to 200.

People are always transferring back and forth from districts and regions, as you are well aware. It is commonplace in the advancement of the staff and it is something we encourage in personnel development and so on. I am not aware of any untoward number. I know a lot of people who would like to go north, but I am not aware that there is any significant change or that there is anything I have missed. In fact, if there is any substance to the rumour, I would welcome a comment from any of the appropriate staff.

Mr. Hobbs: I certainly have not been involved in any discussions about the move of any ministry units or large numbers of staff to North Bay or anywhere else.

Mr. Gregory: There are no plans to do what is being done with Ontario Lottery Corp. in Sault Ste. Marie?

Hon. Mr. Fulton: Bear in mind that we already have two fairly substantial complements of staff in North Bay and in Thunder Bay. I think Thunder Bay has about 400 or 450. Overall, we have in the range of 1,000 or more ministry employees already located in the north, in addition to the people working in the forests, the airports and so on.

There is certainly no major move other than, as I mentioned earlier, transferring people, usually in an upwardly mobile fashion, as they seek new challenges. Our ministry is one of the leading ministries in promoting the advancement of people to meet their personal and professional goals and objectives.

We witnessed the first female assistant deputy minister in the ministry. That reflects the attitude of the deputy, myself, senior management of the ministry and, indeed, the government. We are endeavouring to promote people and to help them fulfil their personal and professional ambitions and objectives. We certainly are not moving people on a grand scale or moving a whole division or department.

Mr. Hobbs: I might mention that with our head office in Downsview and north of Highway 401, we already consider ourselves to be in the north.

Hon. Mr. Fulton: Actually, we have three regions in the north.

Mr. Gregory: I was not referring to the natural flow you have within a ministry. I was referring to a possible change in a department. A

department would be going there and there would be a major move of employees. That is not so, then. There is no validity to that.

Mr. Hobbs: There certainly have been no discussions around that.

Mr. Gregory: If it came, it would be more or less a policy change by the cabinet or by the Premier and, as is not uncommon, the minister is the last to know.

Hon. Mr. Fulton: You have had more experience as a minister than I have, so I will respect your judgement. Perhaps the next time you are talking to the Premier you will arrange for me to have a few minutes with him.

Mr. Gregory: He does not call me very regularly.

Hon. Mr. Fulton: I was not aware he was in North Bay this morning.

Mr. Gregory: As I said, it was a rumour and perhaps it was unfair of me. I am not suggesting it is happening. I was just asking the question.

Your wording on the supplementary estimates was rather hard to understand, so I felt I could ask general questions. I do not really know what it says on the estimates.

Hon. Mr. Fulton: Tell me which page you are on.

Mr. Gregory: My staff are very efficient and they put these things in order, so if you get me out of order, I will be in trouble.

There is a statement here—

Mr. Chairman: May I interrupt for a moment? Unless I were overruled by the committee, I would not want to limit the discussion of these supplementary estimates strictly to items that are before us. Because we do not follow that procedure in the consideration of the full estimates, I do not suggest we do it here. We have just a couple of hours with the minister and, as I pointed out to my colleagues—and the minister and I have talked about this—one of the big shocks you get when you come to Queen's Park and are considering the estimates of a certain ministry is that nobody ever talks about money, so we do not want anyone to shock us today and start talking about money.

1020

Hon. Mr. Fulton: I do not purport to be an expert on procedures here. I wonder, though, in consideration of the documents and information here and the specific questions that will probably fall out from the several items before us, whether we can deal with at least those matters first, because some members are here with specific

questions related to those items. In whatever time is left, if there are other issues that members wish to discuss, perhaps we can do that then.

Mr. Gregory: If I may, since you have already limited my time—some of which you used up and some of which was used up because we did not really start, so I will not get another shot at you—I have no intention of asking you embarrassing questions, but I hope we will have a certain latitude in what we can do.

Mr. Chairman: Please proceed.

Mr. Gregory: If you do not have the information in front of you, I can get it from you later. Some of my questions have to do with questions I asked you in the previous estimates. In the previous estimates I questioned you on staff members in your office, and you told me at the time that you had four or five. To a subsequent question in Orders and Notices the answer came out that you had eight. In checking the staff directory, I find this is so: There are eight members of staff as opposed to four as of November 1, 1984, so you have gone from four to eight.

Hon. Mr. Fulton: No. If you will recall the circumstances at the time, I was enumerating the staff and you were asking about salaries or salary ranges. I was attempting to do that, and because of other interruptions, interjections and the flow of the discussion and questions, I simply never got a chance to complete the answer to that question. We got halfway and got diverted into something else, which is the reason for that.

Mr. Gregory: I have nine listed. As well, there is no mention of a secretary for you. There is a secretary for the executive assistant, a secretary for your special assistant. Your general secretary is Heather Divorty?

Hon. Mr. Fulton: She is a secretary.

Mr. Gregory: She is a secretary. You have, of course, a private secretary or administrative assistant.

Hon. Mr. Fulton: Yes.

Mr. Gregory: Do you call her an administrative assistant or a legislative assistant?

Hon. Mr. Fulton: My own secretary?

Mr. Gregory: Yes.

Hon. Mr. Fulton: Special assistant.

Mr. Gregory: Who is that?

Hon. Mr. Fulton: Mrs. Wilkes.

Mr. Gregory: Okay. That is what I was confused about. I thought, you poor fellow, that

you were doing all this work for yourself and did not have a secretary.

Hon. Mr. Fulton: One of my many talents is that I do have access to a typewriter and can type with both hands.

Mr. Gregory: Good. At the one time?

Hon. Mr. Fulton: At one time, without looking at the keys.

Mr. Gregory: I can do that on the piano but not on the typewriter. I think at the time I was questioning you on this you said the average salary was somewhere around \$35,000, in that area?

Hon. Mr. Fulton: The range would be in that ball park. Some are higher and some are slightly lower.

Mr. Gregory: Without mentioning names—I do not want a name—what is the salary of highest-paid staff member you have?

Hon. Mr. Fulton: In the range?

Mr. Gregory: No. What is the salary of the—

Hon. Mr. Fulton: The range is about \$48,000 to \$55,000.

Mr. Gregory: That is your executive assistant, I assume.

Hon. Mr. Fulton: Yes.

Mr. Gregory: Can I swing from Downsview to Expo 86? We did have some questions on Expo at the time. In the early days of July, the Toronto Star reported that more staff had been hired in the positions of hosts and hostesses even though attendance at the Ontario pavilion was lower than expected. To what degree did the additional staff contribute to the success of Expo? I am asking you now as opposed to then because, at that time, Expo had not finished. How many more staff were hired, and why were they hired?

Hon. Mr. Fulton: As you are probably aware, as the season progressed, the numbers at Expo generally, and at our pavilion specifically, increased dramatically. It seemed, and I think this is supported by the people on site, that the people of Vancouver and in the British Columbia area itself waited until the end, in August and September particularly, to attend Expo.

Our numbers both by head counts in the theatre, which I think you visited, and by the actual head counts of meals served in the restaurant, were in fact running pretty much on projection, but the end result was substantially above the original projections, as was the case with Expo across the board. Expo had originally

budgeted for 14.75 million ticket sales, and I think it exceeded something like 22 million.

Our estimates were based on the flow of people into the theatre, which is not an entirely accurate count because other people who did not want to go to the theatre could enter the site and simply go about their business. Thus, even while our numbers exceeded our expectations, we still likely reported on the low side.

Certainly the restaurant served to capacity. There was always a lineup to get into our pavilion. Even when you were there it was probably—

Mr. Gregory: No; I was not there when it was open.

Hon. Mr. Fulton: No, but I thought there was quite a lineup.

Mr. Gregory: I did not get to Expo, as a matter of fact. I was expecting an invitation from the minister to go.

Hon. Mr. Fulton: I have sent it. It is in the mail.

Mr. Pouliot: What a coincidence. Will you accept the invitation?

Mr. Hobbs: Mr. Gregory, I might mention concerning the restaurant that there will be a net profit after everything of close to \$1 million in the province's favour. In addition to the pavilion itself, it was run very successfully.

Mr. Gregory: That is probably the first government restaurant that has ever shown a profit, I would imagine, including our own downstairs.

Mr. Pouliot: That is \$1 million more than Minaki Lodge.

Mr. Gregory: In fact, you could have bought Minaki Lodge back for the million.

Mr. McKessock: The meals were a bit more expensive than downstairs.

Mr. Gregory: Yes, I expect they were.

Further on Expo, there was a question in Orders and Notices pertaining to the use of the Ontario government's condominium units at Expo 86. You indicated at that time that four of the units were designated for the specific use of the Ministry of Transportation and Communications at a cost of \$85 per day per unit. Can you tell me how many total days were involved using these units and what the nature was of the people you would have had there?

Hon. Mr. Fulton: I do not have the specific numbers. I can get them.

Mr. Hobbs: Three of the units were used permanently by senior officials: Jack Callen, the

commissioner; Bill Rathbun, the deputy commissioner; and Stewart Kell. They and their families occupied those three units from the beginning right through, tying things up. There was only one unit that was used for various government officials who were out there on various items of business.

Mr. Gregory: Just as an aside, I understand Mr. Callen is not well.

Hon. Mr. Fulton: I understand as of yesterday that he is quite ill.

Mr. Gregory: Very ill.

Hon. Mr. Fulton: May I speak off the record for a minute, if that is allowed?

The committee continued in camera at 10:29 a.m.

1030

Mr. Gregory: Is there any provision by the ministry for any compensation for any of the Ontario exhibitors whose products were damaged while on loan to the government?

Hon. Mr. Fulton: A couple of exhibitors have submitted letters of intent to submit claims and one may have submitted a claim in a formal sense. Everyone who participated was very much aware of the terms and conditions of those exhibitions. They were all invited to Taylor Manufacturing Industries in Mississauga at some time prior to the shipment to Expo 86. They had the opportunity of seeing precisely what the exhibition would look like and what would be done to their exhibits. Further to that, each of them signed a release that clearly spelled out the nature of the exhibit, what would be done to the product and the colour of the product; some people have products for which their colour is their logo, their advertising. Everyone was well aware there would be standardization of colour and so on before they entered into the agreement.

I know one or two are somewhat dissatisfied with what happened to their products. Some of them were not usable. I think the boat was demolished. That was clearly understood by the exhibitors before they entered into the agreement. There is no one of whom we are aware who was not clearly told in the document he signed, and who was not clearly told verbally, first by the Expo people, by Mr. Adamson who was responsible for the exhibit. The agreement they entered into with the Expo 86 corporation was very clearly spelled out.

Mr. Gregory: I understand that. I was not implying they should have some legal claim. I am thinking of a moral position. Does the government feel responsible in any way? There is

Mr. Hobbs: I think it was explained that, legally, the various products would be given to the corporation in return for whatever advertising or marketing value accrued to the individual companies. There was a provision that there was no legal responsibility for what happened to the products. As the minister said, that was clearly spelled out and agreed to beforehand.

Hon. Mr. Fulton: They were all given an equal opportunity to the extent that publicity was available in the brochures that were publicized. Everybody was equally treated in terms of the public relations and publicity value of each of the various products. In fact, I understand that some business transactions took place on the basis of some of the exhibits. Items were sold and future business was gainfully conducted as a result of it.

Mr. Gregory: Did you sell any trains?

Hon. Mr. Fulton: We sold the extension. A few other people are very interested.

Mr. Gregory: On January 20, 1986, my colleague Earl Rowe questioned you on your plans to purchase Italian-made furniture for the Ontario pavilion. You indicated that no contract had been awarded at that time. Can you tell us now, was this Italian-made furniture purchased?

Hon. Mr. Fulton: The question went to the then Minister of Government Services, as I recall. The furniture was an Italian design, but as far as I understand it was all manufactured in Ontario.

Mr. Gregory: That is good. It is not that I have anything against Italian furniture. I like to think it was purchased in Ontario; that is all.

Hon. Mr. Fulton: I understand. To the best extent possible, everything was purchased in Ontario. Even the pinkish-coloured stone-like wall covering was made in Gravenhurst or Bracebridge.

Mr. Gregory: You were going to give me some information on that crushed-pebble finish, were you not?

Hon. Mr. Fulton: Yes, I am sure it is in Gravenhurst. It is up that way.

Mr. Gregory: I would be interested in getting some information on that.

Hon. Mr. Fulton: I will see what we can find out for you.

Mr. Gregory: I guess I am almost out of time.

Mr. Chairman: We were going to give you lots more but if you would like to give some time to Mr. Pouliot, I am sure he would appreciate it.

Mr. Gregory: I will do that. I am going to be fair. I guess I have had about 15 minutes. I will

make sure of that. I am not sure I am going to finish very soon, but that is what I am going to do.

There is another one I want to get to. I discussed at length with you Project 2001, which has to do with transportation or transit; people-moving transit in the Toronto area. I believe you set up a committee. It held meetings to determine the recommendations that would be made. At that time you were going to invite me to meetings when they were called. One was called in Peel to which I was not invited, but I am not hurt at all because I got a report on it. Is that committee any closer to making a recommendation on what will happen?

Hon. Mr. Fulton: You are referring to Project 2011, which is moving people and goods—

Mr. Gregory: Project 2011; 10 years here or there.

Hon. Mr. Fulton: Remember that. The two groups have functioned very well, are continuing to function, are meeting on a regular basis and are nearing the end of their public solicitation and participation. We are looking forward to meeting with them in an informal way in the reasonably near future. As I mentioned in the beginning, this matter is not going to drag on, but it is a major undertaking to review the needs in and around Metro and the surrounding region. They will be reporting to us in the near future and we will deal with their recommendations, whatever they are, in an appropriate fashion.

Mr. Gregory: You are getting a fair amount of pressure from the regional municipality of York, which is asking for the completion of Highway 407. You are getting a certain amount of pressure from the regional municipality of Peel for the same thing and for a busway. Is this compensating for the rather rush job that was done in Metro Toronto in rushing through the Sheppard transit program?

Hon. Mr. Fulton: I am not going to comment on whether Metro rushed through anything. That was its project. It went through the Toronto Transit Commission process and then through the Metropolitan Toronto council process. That was its ultimate decision and what it is rightfully elected to do.

Mr. Gregory: Does the resolution by Peel carry similar weight with you?

Hon. Mr. Fulton: I do not think the fallout in the past few months is anything but expected. Each of those councils is elected to represent the needs and interests of its respective community. I expect Peel to fight for Peel and I expect the

needs and interests of its respective community. I expect Peel to fight for Peel and I expect the regional municipality of Durham to fight for Durham and so on.

Mr. Gregory: I am afraid you are missing my point a little. The first recommendation that came out was the resolution by Metro Toronto in which it stated a position.

Hon. Mr. Fulton: That is right.

Mr. Gregory: I do not like the thought that everybody else has to oppose that position to get some help. I would like to think that the resolutions from the regions of Peel and York have the same weight. In other words, we are not attacking a castle that has been predetermined and saying that they have to be attacked and they can defend their position. I am asking whether we have equal positions across the province, with the Peel region resolution having the same weight as that of Metro Toronto.

Mr. Hobbs: The purpose of the greater Toronto area review was not to solicit views and recommendations from York or Peel with respect to Project 2011. There was a consultation process that was designed to take a look at the transportation needs and priorities in those regions as well as in Metro in order for the ministry to have the benefit of their views. Then the ministry could determine an appropriate and balanced investment strategy, given some of the very expensive projects out there. It was precisely designed to try to ensure there is a balanced review of the various needs and where the ministry will end up putting its money. That was the purpose of that consultation process. It was not to get a recommendation about Project 2011, but to review priorities and needs right across the board in terms of our being able to come up with a transportation system in the overall region that functions and meets some of the very real needs that are out there in the various areas.

1040

Mr. Gregory: I think you are telling me what I want to hear. You are doing it very well, so I am not totally sure whether you told me what I want to hear. I think you are telling me that the Metro Toronto resolution dealing with Project 2011 and the priorities of the different projects that are going to be under that is not necessarily a benchmark from which you are going to make a judgement. You are telling me that you are looking at the whole of Ontario, or the greater Metro region, with a fresh new viewpoint. You are going to determine where the priorities are in

your mind and will not give additional weight to a resolution coming from one community or another. Is that a fair statement?

Hon. Mr. Fulton: We are looking at the total commuter-shed that is basically the catchment area for GO Transit; that is how the regions came into play. We feel there must be some rationalization between 17 different transit operators. If I understand you, you are asking, "Does the Metro resolution outweigh somebody else's resolution?" With great respect to municipal councils, we are not going to tell them what to do. However, we do not want to get into an either/or situation. No one has suggested that if one project goes, something else does not go. We are trying to rationalize and prioritize to the best of our financial capabilities in co-operation with the various regions.

Mr. Gregory: That is what worries me a little. You say and Mr. Hobbs has also said that you have no control over what Metro decides it wants to do. However, from where I am sitting and to a casual innocent such as myself, I say you do because 75 per cent of the funding comes from you. Therefore, I do not want to see a situation where Metro Toronto has passed a resolution and you say you cannot do anything about it and you have to go along with its wishes because it has passed it, even though you are carrying the bulk of the funding. Since it is the case where you are carrying the bulk of the funding, I would like to see every region's request judged fairly on its merits.

Hon. Mr. Fulton: I think that is what we have said.

Mr. Gregory: I hope you did.

Hon. Mr. Fulton: That is what we are saying.

Mr. Gregory: I am going to accept that you said it and I am assured that you did. I hope there is a fair comparison as to the present needs, including the request from York region on Highway 407.

Mr. Hobbs: Mr. Gregory, from the standpoint of having a limited budget, there is also the issue of ensuring that the investment levels we are capable of providing in the greater Toronto area do not—there are a lot of transportation needs in the rest of the province. There is a need not only to ensure a balanced transportation system in terms of where we invest a limited number of dollars within the greater Toronto area, but there is also the requirement to provide assurances we are going to be able to meet some of the very real needs that exist in the rest of the province.

Mr. Gregory: I understand.

Mr. Chairman: Can we go to Mr. Pouliot?

Mr. Gregory: I was just going to do what you have asked me to do, Mr. Chairman.

Mr. Chairman: Yes, I would appreciate it if you would do it quickly.

Mr. Gregory: I fully appreciate what you have said, Mr. Hobbs. All of Ontario needs study. However, it was you who set up the committee to study transportation needs in the greater Toronto area. This is why I am referring specifically to it.

Thank you very much for your co-operation.

Mr. Pouliot: Mr Gregory, you have an excellent staff that is the envy of—the Progressive Conservatives are renowned for the quality of their staff and their research. At times it has been said, certainly not by the New Democratic Party, that because of their commitment they would not hesitate to go beyond the call of duty in their research. They will stop at nothing to make sure the individual members and critics have all the questions and data at their command in a collective effort so that positive legislation can consequently be enacted. I am always appalled. Experience serves you well, and your staff as well, Mr. Gregory.

Mr. Gregory: I bet we would make a good government.

Mr. Pouliot: I do not say this with tongue in cheek.

I also join my voice with the many in acquiescing in the move in the right direction; specifically, the appointment of a female assistant deputy minister. It is a step in the right direction. Before I say a few additional brief words, I cannot help but note a certain tone of paternal benevolence that borders on tokenism. These announcements are always made with a certain fanfare and publicity about them. It is something we have been advocating for a number of years, so we take this as a matter of fact, yet the numbers do not do justice. We hope you will have many, many more.

In terms of helping the north, the backbenchers of the New Democratic Party, being humble by nature, are far too busy to entertain any rumours. May they never be the victims of those rumours and may they never be involved in feeding the rumour mills. We deal with facts. Nevertheless, it is very difficult not to mention that any movement of jobs to the north will go a long way in rectifying an injustice and imbalance that is noticeable to all. Northern Ontario has 90 per cent of the overall land mass of the province.

We have never had our share of importance or prominence in terms of road expansion. We are suffering badly. Staff has always reflected—we have some staff, but we do not have the staff required to address the problems associated with your ministry in northern Ontario.

Yesterday, I presented two petitions, representing close to 3,000 people, addressing what has become nothing short of carnage. We welcome the supplementary expenditure for the people of southern Ontario. They need it as much as anyone else. Only too often we are reminded of the kind of systematic negligence by design when it comes to the second Ontario, the people of the north. We do not say this with a chip on our shoulder. The road network in Ontario stops at Pickle Lake. Very little is done.

Two days ago, I was back from the House in the riding of Lake Nipigon for a meeting in Nipigon-Red Rock. I then proceeded to go back to Thunder Bay and encountered heavy fog. Trucks have literally taken over the highway. I am not the one saying this. You have all kinds of special surveys. It is carnage that is nothing short of the highest order. I have said it in the House. I will say it under deregulation. We are scared to death.

Very little seems to be done. We ask direct questions about timetables to be established. We are patient people. We realize the amount of money required in rectifying this kind of imbalance to benefit the people of the north. We are patient but we want to believe you have a timetable, a plan of attack, to help rectify the injustice. We do not see it. We do not see anything being done. We see blatant negligence that borders on arrogance at times. We get very upset. We get very angry. We want to stay within the system. We have nowhere else to go. We have no alternative. We trust and trust again.

The time is coming. It is the highlight, the number one issue up north. We have 14 community newspapers in a riding that makes up 28 per cent of the overall land mass of Ontario. Please talk to your regional director. The policies are not cast in stone. This is the year of our Lord 1987. A lot needs to be rectified. Our requests are reasonable. We are patient but we want to see a timetable and we will not rest until this gets established.

Nevertheless, we have no quarrel. In terms of Expo 86, we are not going to go from the living room to the bedroom to find out whether we are talking about provençal français or whatever style of furniture is needed to furnish a first-class show. Expo was a success. It certainly looked

beautiful even if viewed from without. The reports we got spoke very highly of it. By a stroke of good management or fate, attendance was higher than had been predicted, and you turned in a net profit of \$1 million. I would like to know from you or from Mr. Hobbs the total deficit or cost associated with Expo when all is taken into consideration. Can you supply me with that information? How much did Expo 86 cost Ontarians?

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Hon. Mr. Fulton: I do not want to use numbers loosely. The last budget was \$30 million.

Mr. Pouliot: When all is said and done, it cost \$30 million.

Hon. Mr. Fulton: It was probably less than that. I do not think all the bills, such as the one for the demolition of the pavilion, are in. It is not a significant amount of money in the scheme of things.

Mr. Pouliot: You mentioned that you have sold some goods. I take it that softwood lumber or Ontario wines were not the order of the day. Do you have any specific figures concerning what Ontario was able to sell?

Hon. Mr. Fulton: There are extensions to the British Columbia Transit system, and there are other feelers. We had a delegation up from the state of Florida fairly recently. One other lead comes to mind, and I do not know whether someone can help me with this; I cannot think of it. In particular, British Columbia is looking for substantial extension of its transit system.

Mr. Pouliot: Would I be right in assuming that what was purchased by the BC Transit system will be manufactured in Ontario?

Hon. Mr. Fulton: Yes.

Mr. Pouliot: Would I also be right in assuming that Lavalin would be getting the contract?

Hon. Mr. Fulton: Lavalin would be the producer and would be getting the contract.

Mr. Pouliot: What is the magnitude of the contract?

Hon. Mr. Fulton: That started under the previous Premier of British Columbia and it is being negotiated.

Mr. Pouliot: Do you feel this was a direct result of the window on the world provided by Expo?

Hon. Mr. Fulton: It was very helpful.

Mr. Pouliot: That is a peculiar way of doing business, but we certainly welcome all the publicity.

Hon. Mr. Fulton: One thing you cannot overlook is the load capacity. We proved the system. The system started up not long before Expo started up. If there was any doubt that the system would work under maximum loads, those fears were dispelled.

Mr. Hobbs: The product promotion and tracking for the Ontario products that were displayed was done by the Ministry of Industry, Trade and Technology. The Expo 86 staff were not directly involved in the contacts and follow-up. You mentioned wine. On the wine list, only two types of wines were listed on the menu. One was California wine and the rest was all Ontario wine.

Hon. Mr. Fulton: It was 93 per cent.

Mr. Hobbs: My understanding is that 93 per cent of the wine that was served at the meals was Ontario wine. Mr. Prevedello, who ran the restaurant, indicated he had a lot of follow-up from Ontario wineries talking about people coming back or inquiries about the products. I cannot quantify it, but he said the promotion and the articles written about the Ontario wines were very positive.

Mr. Pouliot: Was the restaurant filled to capacity?

Mr. Hobbs: Yes.

Mr. Pouliot: There was a \$30-million deficit. I am asking because there is a sort of ideology or philosophy. Yesterday in the House, your colleague the Treasurer (Mr. Nixon) refused to take credit for 154,000 new jobs that were created in Ontario. Hansard will attest to that. In fact, we took him to say that his government had hit upon good times. I am sure you will join with your colleague in saying it was merely by accident. You have really derived no direct economic benefit that can be identified from Expo 86 other than exposure, and it cost the taxpayers of Ontario \$30 million. Is that what we are saying?

Hon. Mr. Fulton: That is what you are saying.

Mr. Pouliot: Then can you provide me with the specifics of direct benefits or contracts that were signed that will create jobs or benefit Ontario?

Hon. Mr. Fulton: I would be happy to approach the Ministry of Industry, Trade and Technology, the Urban Transportation Development Corp. people and the Lavalin people and attempt to put together, on that one issue alone, the specific potential for sales of either systems

or parts of systems and attempt to track other business opportunities that—

Mr. Pouliot: I am just seeking clarity here, because the purpose of the pavilion was not to be a trade mission.

Mr. Hobbs: Exactly.

Mr. Pouliot: The purpose of the pavilion was to put our best foot forward as a province.

Hon. Mr. Fulton: And I think that was done very, very effectively.

Mr. Pouliot: Okay, if you think that way—I am only seeking clarity—then there is no problem. But if we allow ourselves a pat on the back on a Utopia, then we had better come up with specifics, because that is a different kettle of fish. That is all I am seeking. I am not criticizing.

You say there are some economic benefits. I know they are very difficult to measure in endeavours of this nature, but let us not paint a glossy picture. We can read a financial sheet, and when Mr. Hobbs says specifically there is a net profit—you know, we are not children—after everything is paid, of \$1 million, what is the net loss? It is \$30 million.

Mr. Hobbs: No; I was talking solely about the restaurant.

Mr. Pouliot: Yes, that is right, by virtue and reason of Ontario wines. I will ask you about the price of Château des Charmes and what is the other concoction?

Mr. Hobbs: Pelee Island Riesling.

Mr. Pouliot: Northern Ontario wines have nothing to do with chemical derivatives and they are an excellent product. I am sure the many years of experience in complimenting the palates of an international clientele will attest greatly to the quality of the product, and it is becoming a lot better. After all, we have the experience, the history and the soil to produce an excellent wine.

I have no more questions, and certainly no quarrel with the staff, as long as it comes under public scrutiny. If you need staff to provide the essential services, if it is kept within reason, you are the best judge of these affairs. Certainly it has been our experience that there are not very many people—in fact, I fail to come up with any, but I am a novice in this affair—who are overpaid. In most instances they may be adequately compensated, but there is still some way to go, and they are certainly overworked in many instances.

Hon. Mr. Fulton: I do not know whether you have finished your questions. Have you had a chance to review the supplementary expenditures related to the airport program?

Mr. Pouliot: I wanted your comments on it.

Hon. Mr. Fulton: The entire amount of \$1.3-odd million dollars is entirely in northern Ontario, from Atikokan to Wawa.

Mr. Pouliot: What communities and what amounts? Do you have a breakdown?

Hon. Mr. Fulton: Sure. These are for various and sundry kinds of works, for which we can give you the details. Atikokan, \$16,000; Chapleau gets a maintenance subsidy; the town of Cochrane, \$88,000; Ear Falls, \$99,000; Elliot Lake, \$40,000; Geraldton, \$70,000; the town of Hearst, \$30,000; Hornepayne, township of Wicksteed, \$40,000; Ignace, \$560,000; Iroquois Falls, \$7,500; Killarney, township of Rutherford, \$2,000; Kirkland Lake, about \$55,000; Manitouwadge, \$33,000, \$78,000 and \$53,000, whatever that comes out to; Manitoulin East, \$400,000; Marathon, about \$70,000; Minaki, about \$1,500—I think that is for the For Sale sign; Nakina, \$37,000; Sioux Lookout, about \$70,000; South River, \$10,000; Terrace Bay, \$21,000; Thessalon, \$18,000; Vermilion Bay, about \$14,000; and Wawa, about \$155,000.

It is \$436,000 in maintenance subsidies and \$581,000 in construction subsidy funding in total. All of it is in northern Ontario.

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Mr. Pouliot: I have only one question. We recognize the efforts that are being made. The necessity is well distributed—we have no quarrel with that; not that we would necessarily look for discrepancies between regions or between one riding and another—and you go on necessity. I am familiar with most communities in the north; it is part of the tenure.

However, I fail to see our native Canadians, who rely on airports for transportation. There is really no alternative. We are not talking about a public transportation system. It is nonexistent. It is the airport, the airstrip, air service or the barge. The barge may travel from Moosonee to Fort Severn and Winisk. They make two or three trips a year at most, and the capacity is limited. There is no railroad; there are no roads. Everything else is shipped by air at great expense. Therefore, it is paramount not only to progress but also to survival that consideration be given to the populace of the most remote area of Ontario, which is made up of Ojibway and Cree, first Canadians, people who were there first.

I know what the needs are there. They are well demonstrated, and it is not a new phenomenon. There has been a lot of progress, but it is very slow. The proverbial patience of our first

Canadians is being taxed to the limit. They already pay in excess of what anybody else would accept to pay for services, goods and commodities. It is a disappointment when you see that in this instance the ministry has endeavoured to correct a situation in many outlying regions and specific communities, and one more time the needs of our native Canadians are not recognized to the extent they should be.

I point this out and I ask you what your specific plans are to enhance the quality of life within the terms of reference of your ministry.

Hon. Mr. Fulton: Concerning the remote airports, we probably share the knowledge of how important and how vital they are. In many cases, as you have indicated, it is the only means of physical communication, the only means of getting out to medical care, the only means of getting food, drugs, clothing and so on. I am very aware of that. We have, I think, 23 remote airfields. We opened Cat Lake and Kasabonika in September 1985. We currently are working on Muskrat Dam and Kingfisher Lake. Angling Lake is now in the planning stages.

It is less than a two-year time frame since the chief of the band came in to see us. As you are well aware, we have had to rebuild Peawanuck, which was at Winisk. I think that was opened in September. That was an unexpected requirement.

Mr. Hobbs: We lengthened Ogoki.

Hon. Mr. Fulton: Yes, we lengthened Ogoki as well. The one at Winisk, the replacement, is longer than the original field. That was not something that was planned three years ago; it was a result of the flood. We had to address that very quickly, and that, I think, opened in late September. I know it was to be opened a few days after I was there.

We are trying very aggressively to meet the needs. We are working with the bands in a number of areas to make the fields safer for both the Indians themselves and the pilots, who have had some problems up there: acts of vandalism, that sort of thing. We have had requests and we have followed through with each of the chiefs in trying to correct that.

I think we are very conscientious in our efforts to bring air service to as many areas and bands as quickly as we can do so. You are very aware that you do not just designate an airstrip. You have to find sources of gravel in the closest proximity to the reserve and so on; and determine how you get to any roads. It is not as simple a matter as building one in southern Ontario. However, I think the ministry has a pretty good track record

of recognizing and meeting the needs, and we are doing it as quickly as possible.

Mr. Hobbs: As the minister mentioned, Mr. Pouliot, 23 airports are either operational or under construction. There are approximately 31 communities in the remote north, north of where the roads end, so about seven communities remain. Some of them, as I think you are aware, are quite small, but we are looking at those.

There is also an issue you run into sometimes when you put in an airport. Some communities have been reluctant to see an airstrip come in. Kingfisher was one where there were long discussions involving the community before they came up with a band council resolution. In that community they were concerned about whether this would simply open the doors to alcohol coming into the community. They eventually decided that the transportation benefits were paramount, and we responded as soon as we got a band council resolution.

However, as we have indicated, we are very close to getting the airstrips. I might mention as well that the employment in terms of maintenance at the airstrips is native employment.

Mr. Pouliot: They are 100 per cent of the population. I am the native affairs critic too, Mr. Hobbs. We spend a lot of time there. We do not go there to shake hands. We go overnight whenever we can get there, and we stay there for weeks on end. We go all the way to Fort Severn—I have said it many times and I will say it again—the northernmost community in Ontario. We know what it is like to pay \$6.50 or \$7 for a gallon of gas in this great, equal system of ours.

When you talk about the way to do things, I know the games and the stalling tactics that have become the order of the day in the Department of Indian Affairs and Northern Development—and I am not taking a shot at the feds, but it is a fact of life—the Ministry of Natural Resources and the Ministry of Transportation and Communications. It is not enough to have a band council resolution.

Then people are asked whether they would consult the elders in the community. Once you consult the elders, they want you to go back to consult the matriarch in the community. It is one more time and one more time, and then the transfer of a small parcel of land becomes a major undertaking; it is an atrocity. On land claims, I know of a bridge that needs some repairs, but they want to settle the land claim. The land claim has been outstanding for 30 years.

I am not going to tax you too much. What I am saying very specifically is that we have records

that will attest that our native Canadians—and it is not their fault—and their band council resolutions have been the victims of stalling tactics, the victims of neglect and of a policy of *laissez-faire*. They do not make noise, they do not make waves; they become somewhat inconsequential.

When we are here today talking about the extension of airports or airstrips in northern Ontario, it gives us the responsibility, and the opportunity as well, to make sure there is a system of at least rough justice. There is nowhere else to go. It looks good on a sheet of paper. We are all full of good intentions, but we need the dollars to make those intentions a reality.

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We do not have to go to Third World countries; some of us have been there and we have seen the conditions. If we are to judge a civilized people, we will judge them by the way they treat their minorities. That is as good a barometer or as good an analogy or comparison as you can come up with. It is very simple but it does not lack in its wisdom by reason of saying, "Come and have a look at the way our first Canadians have been neglected." Transportation goes a long way. It opens up the north. We are not talking about assimilation. We are talking about giving them a chance to integrate in a modern economy. Without transportation, there is nothing they can do.

We have seen the games played again; it is a catch 22 or chicken-and-egg situation: "You get electrification and we will get you an airport and a school. You get a school and we will get you the other two." It is the kind of ping-pong where people are used as pawns; they are left holding the bag.

When you go from hand to mouth, you do not have time to do too much thinking in terms of planning and acting and implementing the needs of your society. I do not buy the argument that they are small. I know we have to keep our minds together and we have to be reasonable. Obviously, we are not going to spend all the money in one place when there are other people in need; that is only reasonable. By the same token, we must pay specific attention to the less fortunate in our society. They do not make waves, they do not make articulate representations and they do not lobby as well; they do not have the resources to do it and they do not always have the expertise to do it. They cannot be expected to have the expertise, but surely it is their normal aspiration to have some resources and to have a friendly ear when they voice their concerns.

It has opened up the north. You are to be commended. The previous administration came a long way. As I have said before, the community I come from has 4,000 people—it is 750 miles from Toronto, a northern community—yet there are three people on general welfare assistance. Everybody works. We were the only community of 4,000 people without any public transportation system: no passenger rail, no bus; a road, which was not a lifeline but you took your life in your hands when you travelled that stretch of road; and no airport. But our needs were recognized. We made a lot of noise. Mind you, we had a good case; a lot of money went out of the community. It makes life much more agreeable. We have a sense of belonging, that we are like the others.

That is the north; not north of Toronto, around Steeles Avenue. Then there is the true north, which is north of 50. That is where I want to focus. Of course you have what we call the near north, which came up earlier in your rumour of people going to North Bay. We are closer to Miami here than we are to some parts of my riding. When I am in Manitouwadge, 750 miles from Toronto, I am closer to Queen's Park in Toronto than I am to some parts of the riding, almost by half. It is 1,100 miles long. You have a responsibility, minister; communications and transportation are more important in the north than anywhere else, and you have not addressed that.

The philosophy is there and the need has been well explained, but what we are saying is everything that has been done is well, but we have to say you cannot have it 10 different ways. The next time you come around with a budget—we understand it may be somewhat palatable—we will ask you to use everything at your command to make sure we can accelerate the process of providing the essential services.

Hon. Mr. Fulton: I do not think we would disagree on some of the scenarios you have put forward vis-à-vis the treatment of native Canadians over the years, but I frankly fail to understand where this government in the last 18 months, and this ministry in particular, could be criticized for failing to recognize those things and to attempt to redress them and bring them into being.

I use Angling Lake as an example. The first delegation I received was from Angling Lake. That airport is now in the planning stages. Every single subsidy dollar we are talking about here today is for northern Ontario. We are building and opening those airfields as quickly as possible. If there is some area where the ministry

has been negligent or dragging its heels or in any way has dealt unfairly or unjustly with native Canadians, I would like to know about it.

Mr. Pouliot: I have a great deal of difficulty remaining in my seat when I am provoked. With respect, the minister has what borders on audacity—I am trying to choose my words carefully—in saying what a previous administration has done. This is what his government is doing. We were advised through our House leader yesterday that the native affairs estimates—we are talking about all of three hours once a year—have been waived. We had a chance to voice the legitimate concerns of people—three hours regarding our first Canadians—but that is no longer there. I was not going to mention that, but in the face of provocation and to set the record straight, I had to do that to show how much importance is attached to this at this point in time. This is vivid. This is concrete, not an abstract thing. We had three hours of estimates for the purpose of discussing issues affecting the livelihood of our first Canadians; now we do not have three hours to give them. That is the importance we give them. It does not speak very highly.

If you want to hear about legitimate grievances and what needs to be done in terms of comparisons, we will give you documentation, not by the sheet but by the pound; you will have to purchase a scale. The problems are out there. They are all well researched. If you were to say, "We know there are problems; we will not adopt the policy of the ostrich and bury our heads in the sand and have our rear end exposed," I could buy that. But I am not going to be sold a bill of goods in being told that people are treated fairly, because it is not true. That borders on disinformation. I do not want it Oxfordized or Websterized, but if this is a new form of being economical with the truth, you are doing very well. It is not true. They have not been treated fairly. If you recognize that, then they are on the road to recovery. If we are complacent and smug and say, "Show me," that is the kind of attitude that will not sit well, and not only with the native affairs critic of our party. We are not talking about the same ball game.

Our native Canadians need to be recognized. That is the only point I wanted to make. It was not a critique of the government. I wanted to point out the responsibilities, and my job is to get the assurance that they will be recognized in the next budget, be it an election budget or not.

Hon. Mr. Fulton: I am sure I did not imply that we do not recognize there are problems. All I was suggesting was that this ministry in the last

18 months has been aware of and does recognize them, and we are doing our damndest to address them.

Mr. Gregory: On a point of privilege, Mr. Chairman: My honourable friend from the New Democratic Party asked me to yield the floor, which I did at 10:35 a.m. to accommodate his appointment at 11 o'clock. He has proceeded to talk for 40 minutes, 15 minutes past his appointment. I think fair play applies both ways.

Mr. Pouliot: I apologize, Mr. Chairman, and I thank Mr. Gregory for reminding me that I am 15 minutes late for my appointment.

Mr. Gregory: I wish I had done it 15 minutes ago if it were that easy.

Mr. Pouliot: I am sorry.

Mr. Gregory: Okay.

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Mr. McKessock: I was going to ask about the northern airport program, which you have been discussing. I think the ministry has been treating the north very fairly and doing a lot of work in that regard, and it has programs in eastern Ontario. I am concerned about my own area, which is often called southwestern Ontario. We are flown over when going to the north, sidestepped when going to the east and bypassed when going to southern Ontario. In the Grey-Bruce area we do have a lot to contribute, but we do need good transportation facilities to bring out the potential of the area.

In the airport line, Owen Sound and Hanover are or could be considering municipal airports. Hanover has a good airport, which is privately owned, but there is difficulty getting the funds to pave the runway as long as it stays in private hands. Owen Sound also is considering a municipal airport. Are the same opportunities available to them as under, say, your northern Ontario airport program, or what is the difference? What is available to them?

Hon. Mr. Fulton: Owen Sound is pursuing it very actively. They have a site selection committee. They have a very aggressive group of people up there. I met with them not too long ago. We are very supportive of establishing an airfield in the Owen Sound area. There is one in Wiarton, but it is far enough away that it does not provide a great deal of benefit to Owen Sound. I suspect they are going to come back with the site selection report probably in the spring. That is up to them, but they are pursuing it very aggressively. We are available to help them, which we have indicated to the mayor and the various members of the committee.

I am not familiar with Hanover or any kind of request, but if it is privately owned, as are many airstrips throughout Ontario, we would not be available to subsidize them in any way.

Mr. McKessock: So there is no assistance for a private airport at the moment.

Hon. Mr. Fulton: That is a problem over in the Barrie area as well. There are ongoing discussions and negotiations for further air facilities in what I will loosely describe as the Barrie-Orillia-Alliston area. There is a small strip in Thornton, where any expansion is vehemently opposed by the area residents. There are other options, some not necessarily good or viable ones because of the number of silos, a few towers, the prevailing winds and that sort of thing. It is not a simple matter to locate an airport there, as the chairman knows because he is right in that area.

Mr. Chairman: I wonder why you do not hurry up and build that one.

Hon. Mr. Fulton: The other is in Vespra township, just outside of Barrie, where there is a big battle or discussions going on between the cities of Barrie and Orillia to see who may benefit from an airstrip there. The area in general is very actively pursuing that, and is very actively supported by the ministry in whatever it is doing; but I think Owen Sound probably is going to be one of the early ones to come in with a site.

Mr. McKessock: What actual assistance would they get if they went ahead?

Hon. Mr. Fulton: We subsidize 80 per cent for the planning and the basic package and all the research that is required to go into it. It is a very substantial amount of subsidy. We have a division that works very closely with the various municipalities and other groups that are pursuing airports.

Mr. McKessock: What about the purchase of land, the paving of the runway and so forth?

Hon. Mr. Fulton: We pay for 80 per cent of the land acquisition, then we would assist in the building of the airfield and then the upgrading of it to pavement standards.

Mr. McKessock: To 80 per cent?

Hon. Mr. Fulton: Yes.

Mr. McKessock: So this would be similar. If Hanover bought out the private airstrip there, the 80 per cent capital funding would be available to them as well?

Hon. Mr. Fulton: They would be eligible for funding. The day of the smaller airfields around Ontario as Saturday-Sunday recreational air-

strips, while they still serve that purpose, is long past. We recognize that. The airstrip is becoming just as much of an economic tool for the region it serves as any other form of transportation.

I can cite Lindsay as an example. The location and extension of its airport was critical in the decision-making of management to locate a \$40-million manufacturing plant there with some 200 employees. The airfield was critical in that fairly substantial decision.

Mr. McKessock: That is right. The Inter-forest plant between Hanover and Durham is actively pursuing the private airstrip to try to get them to pave it so they can land their company jets at that airport. I would be interested to know what was available to them and to Owen Sound.

I know these estimates relate to GO Transit. You might want to comment on the status of the federal commuter rail legislation and how that bill will assist future dealings with CN and CP. After you comment on it, I would like to bounce off you the CN and CP problems we are having in our area as well.

Hon. Mr. Fulton: What kind of problems are you having with CN and CP that other people are not having?

Mr. McKessock: Probably they are similar. CN has applied for abandonment of the rail service between Palmerston and Owen Sound. New Life Mills at Hanover, which exports a large volume of flour, uses the rail line extensively for its operation. There is a fear in the community that if the railway is abandoned, it will have a serious impact on New Life Mills and its survival.

Will the ministry be getting involved when these hearings start—they have not started yet—to back up the town of Hanover and the surrounding area between Palmerston and Owen Sound to try to keep this rail line in service?

Hon. Mr. Fulton: I am not aware historically whether we have ever appeared before a Canadian Transport Commission hearing. A letter of opinion or intervention might be sent on behalf of the respective municipalities, but I do not know what has been done in this respect with the local federal member as to what position has been taken or whether there will be a hearing. I presume there will be a hearing before the CTC.

Mr. Hobbs: The ministry has actively intervened in rail line abandonments either through written interventions or appearances in the past. We are very aware of what is going on in terms of the CN application. In fact, several years ago the ministry pioneered a broader approach to looking

at abandonments with what was called the Grey-Bruce rationalization study, which involved sitting down with the railways, with the communities and with industry, and instead of approaching these things on an ad hoc basis, one section by one section abandonment, trying to look at what was the most desirable kind of rail service for that whole geographic area. CN, in this instance, seems to be going beyond what was set out as a desirable level of rail service.

We have talked with CN, and this past week we talked with CP, about looking at the abandonments, including this one, on the basis that I mentioned, of taking a look at the transportation services that were available and not just going through on a legalistic hearing basis, one little section at a time, which sometimes adds up to a major loss of transportation services.

We are very aware of that and are taking a look at it from the standpoint of what types of rail services should be available in that area. I think the intention is to recommend to the minister that we play an active part in that and subsequent abandonments, because the railways are looking at a lot of abandonments right now.

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Mr. McKessock: I appreciate that. It is unfortunate right now that CN Rail is even requesting one or two days of service a week. They are cutting down the service, which is probably going to look better for them, come the hearings, because they are not going to get as much business if they cut down the service that has been available, because their customers are going to have to take on other means of transportation.

That leads me into the next area. We are going to have to lean to other means of transportation. It makes the resolution from the town of Hanover relevant at this time. That is the request for a four-lane highway from the southern part, the cities, of Ontario to the Grey-Bruce area and up through to Owen Sound. Hanover is circulating a resolution at this time—the minister has received it—and is gaining rapid support from the municipalities throughout Grey and Bruce. This is nothing new. We have been requesting this four-lane highway for some time, but as time goes on, the need for it becomes greater and greater.

The lack of airstrips and the abandonment of rail lines add to this necessity. Of course, the expansion of our tourist industry and our need for more light industry of some sort in the area to hold a reasonable amount of employment in that

area, make it a real necessity to get a four-lane highway in that area. I would like to know the minister's recent thoughts on this and what we may be able to expect.

Hon. Mr. Fulton: Is this Highway 6?

Mr. McKessock: That is the question. Will it be Highway 6, Highway 10 or a separate one? Both Highway 6 and Highway 10 have been mentioned. It is that area from Toronto through to Owen Sound, or from Hamilton through to Owen Sound, which would be Highway 6.

Hon. Mr. Fulton: Yes. Others have suggested it be from the London area.

Mr. McKessock: That would go farther west again. Exactly where it will be will have to be ironed out. I think that can be done when the people in the area have determined the need, but we need ministry support now to determine the need is there.

Often in the past, we have been told, "Get 10,000 cars a day going and we will build a highway," or whatever the figure is. I always look at it the other way around. We will soon get the cars if we have the highway, because we will have further expansion of our tourist industry and our industrial base.

Hon. Mr. Fulton: There is a great deal of pressure to four-lane Highway 10 from Chatsworth to Owen Sound; that is where Highway 6 and Highway 10 converge. There has been some preliminary work done on various north-south routes. I do not think there has been any kind of consensus or even close agreement on where. There has even been a suggestion to me that Highway 21 be four-laned because a lot of the traffic, the tourist traffic in particular, is emanating from the border points; so Highway 21 would facilitate that demand equally.

I am not entirely sure what work has been done through the London region. Perhaps Mr. Hobbs can comment on that.

Mr. Hobbs: We have been looking at what is going to be required in terms of the north-south routes in that area. So far, we have concentrated on Highway 10 from Orangeville south. Part of that has to do with the fact that there is not only a lot of ordinary vehicle traffic, in addition a lot of aggregate trucks travel from around Caledon.

We did a four-lane widening job from Caledon north. The plans are to take that at least up to Orangeville eventually. In addition, there is a major widening job from Shelburne east to Primrose.

Mr. McKessock: That is under construction now.

Mr. Hobbs: Yes, there is a job there.

We are also taking a look at it from the standpoint that if the rail activity were to be reduced or were to cease, what would be off-loaded on to the highways?

Mr. McKessock commented on looking at highway construction from the standpoint of vehicle volumes and the quality and quantity standards. In addition to the engineering and volume, which are the criteria that were applied in the past, what we are doing right now in our highway planning—and this will apply to the routes you are talking about—is taking a look at our highway routes in terms of corridors and the economic activity that takes place along them.

You are right; it has been a chicken-and-egg question in the past. We have had to say, "If you get 10,000 cars or vehicles a day, then we have the criterion to widen." In our planning, we are starting to look at the issue of if we widen or if we four-lane in certain sectors before the volumes indicate, what type of economic activity are we likely to generate.

Instead of simply sticking to the numerical engineering criteria that applied in the past, we are starting to put on an overlay to review in depth the economic activity. In other words, we look at what travels along that corridor now and what is likely to travel, and perhaps try to get ahead of the game.

Mr. McKessock: You have made a good start on Highway 10, and with the four-lane work on Highway 410 north from Snelgrove. You are talking about extending that to Orangeville. Then there is the four-lane strip between Shelburne and Primrose that is going in this year.

I understand that the biggest flow of traffic to Blue Mountain Resorts and to the tourist area there is from Toronto, although we do get considerable traffic from the northern part of the United States.

Hon. Mr. Fulton: A lot of that goes up Highway 24.

Mr. Chairman: Airport Road or Highway 400 are the ones that are heavily used, not Highway 24.

Mr. McKessock: In the wintertime, it is sometimes a little hard to get through on Highway 24.

Mr. Chairman: Exactly. It has discouraged anybody who has ever tried it.

Mr. McKessock: Highway 10 seems a little better as far as the snow is concerned.

I am glad to hear that you have those things in mind. I just wanted to put in a word to promote it a little further.

Mr. Chairman: I second his motion, providing you start at the south end on Highway 10 and gradually make it four lanes up to Hanover or Owen Sound.

Mr. Lane: I would like to thank the minister for the financial assistance he has provided for the municipal airports at Elliot Lake and Killarney and for the one that is being built at the east end of Manitoulin island.

When I first arrived here 15 years ago we had no such airports. Thanks to you and to the two previous ministers, Mr. McCague and Mr. Snow, two are now operating very well and there is a third one on the way.

Elliot Lake is exceptionally well received because, as you know, the town has grown a great deal in that time. We now have several scheduled flights a day landing at the town. Those flights service that area very well.

What I wanted to propose this morning is something I know the minister will want to grab on to very quickly. Mr. Hobbs is already familiar with it. That is the Chi-Cheemaun, which links Highway 6 from Tobermory to the mouth of South Bay. You arrive at Tobermory and at South Bay on Highway 6 and you have to use the Chi-Cheemaun between those two points.

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As you know, the Chi-Cheemaun is operated by the Ontario Northland Transportation Commission. It comes under another ministry. It seems to me that in the long term, and I hope it is not too long a term, we should be looking at the possibility of using that as a highway link. That would make Highway 6 a direct link through so that people could afford to use it.

Ontario Northland, as a crown corporation, is trying to run a break-even situation. You and I agree transportation systems were never made to make money; they were made to serve people, to get them from point A to point B.

As Mr. Hobbs is also fully aware, for the last three years we were the government, we put a freeze on the rates on that ferry. We lost some money, no doubt. Last year that freeze was lifted. I understand there have been some plans to increase rates again this year, as well as drop off some of the benefits we had for families travelling in the fall, the shorter season and so forth. It has got to the point where every time you raise the rates, you get less traffic; so you are going to have the same amount of loss on the boat or maybe even more loss, because people are not going to go at all or are going to go by another route.

It would help my friend from Grey too if we had a system that was being used by more people, because it would take more traffic into the Grey-Bruce area. We have all kinds of proposals coming forth, even to the point of building a highway link to cross that gap of water, which I think is rather remote.

However, if we could somehow class the ferry as a link of Highway 6 and bring it under your ministry, a great many more people would use it. It would be a big boon to tourism; that is for sure.

Knowing that you are going to have a larger budget next year, I hope—

Hon. Mr. Fulton: We hope. We live in hope.

Mr. Lane: —maybe we could use some of that money to make that great boat we worked so hard to get in the early 1970s something that everybody could afford to use.

Hon. Mr. Fulton: I appreciate your comments on the airport construction. I can agree with you in terms of the valuable role the Chi-Cheemaun plays. Regardless of which ministry it is under, it is an incredibly valuable service for people both to the north and in the south end.

I was not aware of any proposal to restructure fees. Perhaps I will ask Mr. Hobbs, the former deputy of Northern Affairs, to comment.

Mr. Lane: It is only a rumour.

Hon. Mr. Fulton: We started out listening to rumours.

Mr. Lane: I hope the rumour is not true, because the higher the fee gets, the fewer the people who use the facility. We are not going to have any less of a loss; it is simply going to be less useful to the people who use that facility.

Hon. Mr. Fulton: Maybe Mr. Hobbs can put the rumour to rest.

Mr. Hobbs: Unfortunately, no. I was aware they were seriously considering some type of adjustment to the fares or lifting the freeze, but I am not familiar with what they were proposing to raise it to or by what percentage.

In terms of the basic philosophy being to try to break even and to have rates that are not necessarily a deterrent to people using them, it was felt that after three years things got out of whack. They were looking at some type of adjustment, but I do not know what it is.

It is a tough one. It is desirable to have a thing used as fully as possible. As you are aware, Mr. Lane, if you go to the philosophy that it is part of the highway system and do away with the tolls, then the demand is going to be such that there is absolutely no way that ship can accommodate it.

The last time we looked at twinning with another vessel which would be comparable to the Chi-Cheemaun, the marine consultants indicated to us we were talking about \$30 million. I know you are familiar with all these facts. I cannot give you a number. Certainly, a decision probably would have to have been made by now because it is necessary for all the tourist operators in their printed brochures to be able to give some indication of what the fares are. The decision probably would have had to have been made in the late fall for the tourist operators to reflect it in their brochures.

Mr. Lane: I made some inquiries of the Deputy Minister of Northern Development and Mines before Christmas. They had not heard the rumour that I had heard. I have not got back to them since. The problem is not going to be resolved, I think you will agree, Mr. Hobbs, by raising the rates and preventing people from using it. I would not be opposed to a toll on the ferry if it were with your ministry, to keep the numbers down, as you say, to the point where we could accommodate them.

You are right. The boat we paid something less than \$8 million for back in 1973 would now cost us about \$40 million. I am aware of that; and that would be something we could not afford.

We could perhaps have a toll on it as part of Highway 6, so that there would not be that overrun that you are talking about, but not the kind of money that we are going to have to charge to break even. There is no transportation system I am aware of that ever was put there to make money. It was put there to serve people and move people from point A to point B. It is unfair that Ontario Northland has to try to operate at a break-even deal, even though it is detrimental to people who should be using the ship.

I hope you can give it more consideration as the days and weeks go on because it is something we have to solve at some point.

Mr. Chairman: Mr. Fulton, could you take a minute and summarize the shutdown of Expo 86, the costs for demolition and the disposition of the exhibits and so forth.

Hon. Mr. Fulton: Yes. As you know, Expo 86 closed on October 13 with exceptionally high numbers, way above what was ever budgeted or anticipated by the Expo corporation and by our own people. You will recognize that the pavilion was not built as a permanent structure to begin with, nor was it built on land. It was built on pilings, as most of the exhibition was, and it was part of the contract that, with the exception of three or four buildings, including Canada Place,

BC Place and one or two others, it all would be demolished at the end of the fair.

However, we had a tremendous site location, which was recognized as such. As people used it, and as government officials, particularly in British Columbia, recognized the advantages of the location, there was a movement to determine whether either BC provincially or the city of Vancouver might want to retain the building because it provided this marvellous amphitheatre in an ideal location for future use by anybody out there. There was little we could salvage and transport. An effort was made with the previous Premier of BC, Mr. Bennett, and subsequently the new government and new Premier, Mr. Vander Zalm, to determine whether for a token dollar or two we would turn over that facility to them. In any event that did not happen. Consequently, the terms of the agreement had to be carried out when the pavilion was empty.

I believe the building is now demolished at an estimated tender of about \$300,000 in total. The film, which was one of the most important items that could be retained, is here in Ontario. A copy will be available at Science North in Sudbury and the original is here at Ontario Place. As I understand it, they are the only two facilities that can utilize the film to its maximum benefit with the 3-D 70-millimetre capacity. There may be other copies made, but bear in mind that the original was used many times—10 or 15 times a day or more—the quality has suffered somewhat. However, it is here and it is being used.

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The dark exhibit is in storage, presumably back at Taylor, although I am not absolutely certain of that. The light exhibit has been redistributed back to the owners, to the people who contributed to it. There was very little else that could be salvaged. It was a steel frame with a fabric roof and concrete floors in the concrete amphitheatre.

The board of Expo has been dissolved. It has had its final meetings and dissolved itself. The bills are all paid. The final report will go to Management Board of Cabinet about the end of this month to wrap up whatever outstanding details and paperwork has to be accomplished. What was salvageable was salvaged. A lot of the things used there, in particular in the restaurant, were on loan. There were some things like United Steel cutlery and all that sort of stuff, which have been returned. There were not too many exhibits that could be utilized elsewhere.

Mr. Hobbs: Arrangements have been made with somebody who operates a museum in the

Ottawa area to use some of the components of the dark exhibit or reflections.

Mr. Chairman: What about the building? How was it sold? Did somebody actually buy the building? It cost you \$300,000 to have it removed from the site. How did that go?

Hon. Mr. Fulton: The terms of the lease were that the building would be demolished. There was a budgeted amount for the demolition. Prior to that, there were inquiries—I am not sure how official they were—from both Barrie and Collingwood to have the building relocated there, but in each case the cost was prohibitive, in the range of \$12 million. There was so little that could be moved. The roof simply was not built for Ontario weather. That did not materialize.

Mr. Chairman: Was the building demolished and hauled to a land disposal site or was it actually purchased by somebody? That is the point I wanted to make.

Hon. Mr. Fulton: I am not sure that it was purchased. There may have been some material salvaged, such as the wall material that Mr. Gregory was inquiring about. I think that actually would screw off the wall. Very little would have been salvageable. One could not do much with some of the steel and concrete. Some of the plants which were part of displays may or may not grow in Ontario.

Mr. Hobbs: It was a normal type of demolition contract where you pay to have it demolished and the person you contract with gets whatever the scrap value is. The situation in British Columbia in terms of what they can get for scrap is pretty depressed simply because all the pavilions are being taken down on the same basis. The market for scrap steel is really flooded.

Mr. Gregory: How much time do we have, Mr. Chairman? Do we have the votes today on the private members' bills?

Mr. Chairman: Yes.

Mr. Gregory: What time do they normally come?

Mr. Chairman: At twelve.

Mr. Gregory: I can carry on until the bells ring. I did not think I would get on again.

I am going to get to the estimates now. I mentioned earlier that I had a little difficulty with the ministry administration program. The explanatory notes talk about \$1.1 million for legal services in the program description. It says: "This program includes the executive management engaged in the direction and co-ordination

of the ministry's programs and the organizational units that provide the essential support systems and general services necessary for the ministry's programs." That is pretty much Greek to me and not too clear. Can you be a little more specific and tell me where this \$1.1 million is going?

Hon. Mr. Fulton: I will defer to Mr. Hobbs as he is fluent in Greek.

Mr. Hobbs: The \$1.1 million is solely to cover insurance cost increases. As with many other private and public agencies, we got hit with some substantial increases in our premiums for insurance. It is under legal services simply because our insurance operations are contained within our legal services branch.

That is entirely attributable to increases in insurance premiums. For example, our remote airport liability went up 105 per cent. That is for a program where we have never had a claim. Our comprehensive general liability went up 190 per cent. Another component of our comprehensive general liability went up 137 per cent. This is an increase in our insurance premiums of an order of magnitude for which we simply were not prepared and capable of simply covering out of that office's allocation.

Mr. Gregory: Why would they not have put that on the program description?

Mr. Hobbs: This is the program description for ministry administration. It is the normal finance and administration part of the ministry. It is not a description for legal services.

Mr. Chairman: Mr. Gregory, I think you understand this, but if I might just say what I have checked, in these supplementary estimates they have not tried to explain what the money is for. They have just cribbed the explanation used in the original estimates of the ministry administration program. I have checked right through all of them. It is irrelevant to the supplementary estimates other than that it covers the whole ministry program. It is the same thing as we have in this book.

Mr. Gregory: All I am saying is had they said it is to provide for the additional insurance premiums it would have saved me from asking a dumb question in the first place.

Mr. Chairman: It might have been well to have had an explanation of what this money was for rather than the program, as we have always used it here.

Mr. Gregory: Was I chastised there?

Hon. Mr. Fulton: I am not sure whether it was you or me.

Mr. Chairman: If you feel that way, fine.

Mr. Gregory: An additional \$12.8 million is being requested for the provincial transit program, more specifically, "to establish and operate an interregional transit system that serves the needs of the public within the Toronto area transit operating authority's region of jurisdiction." Is this \$12.8 million to be used to complete or at least work towards the completion of the Hamilton to Oshawa GO Transit line? If it is not entirely for this purpose, would the minister detail what other components there are?

Mr. Hobbs: It is totally devoted to an unanticipated CN decision to undertake a major track rehabilitation program. When CN makes improvements to the track bed or to the facilities along which the GO Transit trains operate, GO Transit has to pay a portion of those improvements. This is normally about \$1 million to \$2 million a year.

Without any warning, frankly, GO Transit was informed that CN was going to have to undertake this major \$12.8-million track rehabilitation program. This was entirely unforeseen and therefore the money was not included in the original budget. That is solely devoted to that one track rehabilitation program.

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Mr. Gregory: You have requested \$2 million in additional funding for capital construction and maintenance of municipal roads. Can you advise us whether decisions have been made as to the locations of these roads? Which municipalities will receive additional grants?

Hon. Mr. Fulton: This was in response to an overall program to address shoreline management erosion problems, particularly on Lake Erie and Lake Huron. Our share of the overall \$7.5 million total was \$2 million. I can give you the areas and I will round out the figures: Kettle Point Indian Reserve, \$60,000; Pelee township, \$369,000; Walpole Island, \$28,000; Harwich township, \$108,000; Dover township, \$12,500; Haldimand, \$100,000; Haldimand-Norfolk, \$159,000; Norfolk, \$57,000; Delhi, \$60,000; Nanticoke, \$30,000; Malahide township, \$7,500; Dunnville, \$25,000; Amabel, \$15,000; Eastnor township, \$53,000; Sarawak, \$42,000; Saugeen township, \$211,000; Tiny township, \$11,000; Albemarle, which is Grey-Bruce, \$28,000; Amabel again, \$15,000; Eastnor township, \$15,000; Lindsay township, \$10,000; Saugeen township, \$198,000; Kincardine, \$50,000; Southampton, \$10,000; Wainfleet township, \$312,000; Port Colborne, \$202,000;

Cobourg, \$32,000; Amherst Island township, \$14,000; Marysburgh North township, \$19,000; Carling township, Parry Sound, \$12,000; MacDonald, Meredith and Aberdeen township, \$75,000; Laird township, \$27,000; Tarbutt and Tarbutt, \$63,000; Sarnia township, \$40,000. The actual total is \$2.4 million.

Mr. Hobbs: These grants were directly related to high water levels and the storms that battered shore roads. Virtually all this is for shore road repairs or shore road repairs and protection. You may recall that there were some very heavy storms and the high water was battering away along the Lake Erie and Lake Huron shores. It is directly in addition to our normal funding to permit the municipalities that have shore road facilities to make unanticipated repairs.

Mr. Gregory: There is no extra money being put into local municipalities' needs, despite all the crying we have heard.

Hon. Mr. Fulton: In this response, we were able to take care of all the needs that were requested of us.

Mr. Gregory: That is for this particular project for lakefront work. I am speaking in terms of roads that have not been affected by lakes. I am talking about additional requests. Are you telling me no municipality has requested additional funds for roads?

Hon. Mr. Fulton: Oh, sure.

Mr. Gregory: That is what I am saying. None of this money is going towards the normal requests that they make every year. This money for is repair work, generally, on roads that have been affected by water.

Hon. Mr. Fulton: It was in response to specific needs caused by the high water levels.

Mr. Gregory: Caused by high water levels, but no additional money was spent on roads or additional roads caused by municipalities' needs for repairs.

Hon. Mr. Fulton: Yes, we have the \$30-million municipal improvement fund.

Mr. Gregory: That is your regular budget approval, but do you know of extra money—

Hon. Mr. Fulton: The extra \$30 million; in addition to that.

Mr. Gregory: In addition to that? To be handled on supplementary estimates?

Hon. Mr. Fulton: No, it is within the budget; \$30-million Ontario municipal improvement fund.

Mr. Gregory: It was part of your initial budget.

Hon. Mr. Fulton: In addition to this.

Mr. Gregory: It was part of your initial estimates.

Hon. Mr. Fulton: Yes.

Mr. Hobbs: It was in addition to the normal municipal road allocation.

Mr. Gregory: I am not asking for it now, but of that \$30 million, have you supplied a list of the communities and what share of it they will get?

Hon. Mr. Fulton: We do not have it, but we will.

Mr. Gregory: Can you do that?

Mr. Hobbs: We do not have the requests in yet.

Mr. Gregory: I see. Can you make a note of that? It would be very interesting to find out, because I did not hear you mention Toronto at all, you see. Approximately, when will you be announcing the allocations from the \$30 million?

Hon. Mr. Fulton: I think the closing for applications is about the end of March.

Mr. Gregory: We can expect that around the call of an election time.

Hon. Mr. Fulton: This is the third rumour you have introduced here today.

Mr. Gregory: It is amazing what you dig out with these rumours.

Mr. Chairman: Are there any other questions?

Mr. Gregory: I am finished.

Mr. Chairman: Minister, is GO east transit on schedule?

Hon. Mr. Fulton: Yes, I suspect it may be a little ahead of schedule. Mr. Leach is here and may want to add to this. I believe the tracks are being delivered, almost today.

Mr. Chairman: In two minutes, Mr. Leach, can you summarize the GO east and GO west for us?

Mr. Leach: It probably will not take two minutes. The GO east extension is on schedule. All the major contracts that were anticipated to be called this year are under way. The equipment is under construction. That is the only area in which we have any segment of concern as to whether the schedule for the equipment will be on target.

Mr. Chairman: The cars or the engines?

Mr. Leach: The cars. This would not create a problem in opening the line on schedule. In the western section, construction will begin next year on the first new station at Appleby Line in Burlington and we do not foresee any difficulty

in completing that by the proposed scheduled time of early 1991.

Mr. Chairman: Minister or Mr. Leach, what is the status of the negotiations on the Hamilton section?

Mr. Leach: The two railways have completed their studies, outlining the requirements to upgrade their specific plants. That information now has been turned over to the ministry for inclusion in its overall planning study, which will include an environmental study. That is 12 to 15 months away.

Vote 2601, item 3, agreed to.

Mr. Chairman: Shall vote 2605, item 1 carry?

Mr. Gregory: When is it appropriate to have a

motion that the minister's salary be reduced to \$1?

Interjection: Right now.

Mr. Chairman: Next week.

Mr. Gregory: Is that when we do that?

Mr. Chairman: Shall that carry?

Mr. Gregory: Is that the vote or the motion?

Vote 2605, item 1 agreed to.

Vote 2606, item 1 agreed to.

Vote 2607, item 2 agreed to.

Vote 2607, item 2, agreed to.

This completes consideration of the supplementary estimates of the Ministry of Transportation and Communications.

The committee adjourned at 12:09 p.m.

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Pouliot, G. (Lake Nipigon NDP)

Witnesses:

From the Ministry of Transportation and Communications:

Fulton, Hon. E., Minister of Transportation and Communications (Scarborough East L)

Hobbs, D. G., Deputy Minister

Leach, A. F., Managing Director, Toronto Area Transit Operating Authority



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Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Natural Resources

Second Session, 33rd Parliament
Thursday, January 22, 1987
Morning Sitting

Speaker: Honourable H. A. Edighoffer
Clerk of the House: C. L. DesRosiers



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday, January 22, 1987

The committee met at 10:07 a.m. in room 228.

ESTIMATES, MINISTRY OF NATURAL RESOURCES

Mr. Chairman: Can we start, please? This morning we have the estimates of the Ministry of Natural Resources. In my short time as chairman of the committee, the minister and his staff and the critics certainly take the prize for being on time, so keep it up.

Hon. Mr. Kerrio: Right on.

Mr. Chairman: I propose that the questions can be on any subject. I do not propose to follow vote and item, as some may choose to do. As we go through, questions on anything the minister has responsibility for in government will be appropriate.

The first vote is vote 2301. I understand that the minister wrote a book over the holidays and that he now wants to read it to us.

Hon. Mr. Kerrio: Thank you very much. Yes, I am pleased, as an author for the first time, that I can share with the committee that it was just three times this size, and we have been editing over the last few days. If we had been given more time, it would have been about half the size, but so many things happen in this very important ministry that we should document the ones that we think are important and that you might respond to.

Of course, it is my honour to present the estimates of the Ministry of Natural Resources for the 1986-87 fiscal year. As you know, this is the first opportunity I have had since becoming minister to present estimates and to give a state-of-the-union report on this ministry. I will try to keep my opening remarks today as brief as possible to allow plenty of time for questions, but we have covered a lot of ground in the past 17 months, and I have a lot of information to share with you.

Wise management of the vast natural bounty of this province is what this ministry is all about. Through integrated resource management we strive to make the best possible uses of our natural resources for the greatest amount of good. That includes considering the impact on the world of our grandchildren and their grandchildren.

I doubt there is a single Ontarian who thinks we should utilize our resources without giving thought to future generations. Nor should we be afraid to use these valuable resources. Our forests, lakes, fish and wildlife provide the economic base for many communities, particularly in northern Ontario. With careful resource management, we can, and do, accommodate the sometimes competing demands of our resource users.

Needless to say, there is not always universal agreement on exactly how we should carry out the practicalities of resource management. That is why, more than ever, my ministry is putting its practices and proposals under review by outside experts and making public their findings. That is why, more than ever, my ministry is actively seeking out the views of the public in public meetings, open houses and hearings. That is why, more than ever, my ministry is striving to heighten awareness about resource issues. And that is why I have personally spent many days travelling around the province, listening to the people and hearing their concerns. I have been attending public meetings and conferences. I have been meeting staff in the field, talking with industry representatives and seeing at first hand how resource-related issues have an impact on the people of Ontario.

If I had to pick five broad themes or areas in which this ministry has made significant strides since the summer of 1985, they would be the following: openness and accessibility, northern outreach, fairness and responsiveness. All five are priorities of the government. They relate to our relationship with the people who are affected by government policies and programs and who pay for them: the taxpayers. I would like to speak to each one of these themes and explain how they have applied to our work at the Ministry of Natural Resources.

Openness and accessibility: This is a special priority of mine. If we expect to get feedback from the public on what we are doing and if we expect to earn the public's confidence, then we must see that they have access to the information they need to make informed comments and recommendations. From the two streams, knowledgeable public opinion and advice from a professional and dedicated staff, the government

will be in a better position to carry out its responsibilities to make decisions on complex and often controversial issues.

We have taken some specific and far-reaching steps to open up the decision-making process to the public, particularly in the area of forest management. A landmark step was the appointment of an independent expert to review the ministry's forest management practices. We were pleased to get someone of the calibre of Dean Gordon Baskerville of the University of New Brunswick to conduct this review. He was given able assistance by Dr. A. J. Kayll, director of the school of forestry at Lakehead University in Thunder Bay.

I released Dean Baskerville's comprehensive report to the public on September 4. His thoughts on improving forestry practices are a valuable contribution to the future of forest management in this province. I am sure we will be discussing Dean Baskerville's report thoroughly during this debate. Just let me say at this point that the very fact he was brought in to do this evaluation indicates not only our commitment to improving forest management practices where we can but also our determination to practice what we preach about open government.

Rather than prescribe some specific fixes, Dean Baskerville identified a number of areas of concern and challenged the ministry to come up with some solutions. He told reporters in Thunder Bay, "The fundamental need is for the ministry to examine and refine what is essentially a sound approach." We are starting on firm ground, and I think that is very important.

With feedback from key forestry staff at all levels throughout the ministry, my deputy minister prepared a detailed plan of action addressing the issues raised in that report. That action plan was presented to the Legislature on October 27. Some of the initiatives dealt with in the action plan were already under way when we received the Baskerville report; others were inspired by the findings of the report. In all, there are 16 parts to the action plan, and as I said in the House at the time, I believe these initiatives will carry forest management in Ontario into the 21st century.

Again, we are making the best use we can of the expertise within the ministry and outside. Some issues are being reviewed by special committees made up of both MNR staff and outside experts. Dr. Kayll is chairing a committee, made up of ministry and forest industry representatives, charged with establishing more

detailed criteria for forest stand allocation to ensure the best timber utilization.

Dr. Robert Rosehart, president of Lakehead University, is chairing another committee, comprising industry, environmental groups and the academic sector, that will examine our forest resources inventory. Dean Baskerville called the FRI a reasonable base as used in current forest management planning but noted that there has been public questioning of its accuracy. We have asked the Rosehart committee to tell us how best to obtain a definitive assessment of the ministry's inventory figures and to recommend a process for verifying the accuracy of the FRI on an ongoing basis, and I think the critic for the New Democratic Party is very much aware that I am anxious to have some assessment of that particular undertaking.

I will be pleased to discuss each aspect of the action plan with honourable members. However, I will not elaborate on each one now. I would like to say, however, that this plan is comprehensive and will result in some substantive changes that will mean an improvement in forest management techniques and administration, and it will strengthen public confidence in how we are managing this important resource. Throughout this whole process of review we have kept the public informed and we have kept our own staff involved. I look on it as a positive exercise to help us in our ongoing efforts to improve forest management.

The Baskerville report is probably the best-known example, but it is certainly not the only instance where we have opened up our practices to public scrutiny. The Provincial Auditor's report on forest management was tabled in the Legislature about a year ago, along with the ministry's official response. Again, the report was useful not just for ministry purposes but also for informing the public about how MNR is carrying out its mandate in the forestry field.

The results of the first five-year reviews of the five forest management agreements signed by the province and the forest companies have also been made public. The reviews showed that we are going in the right direction with these FMAs. Regeneration increased by 43 per cent, tending by 285 per cent and site preparation by 30 per cent, while harvesting increased by only 15 per cent, compared to the previous five-year period. I am sure I will hear about that one. Right, Mr. Laughren?

Releasing the FMA reviews gives the public a kind of running commentary on how well we are doing in the management of specific tracts of

crown land. Sixty-three per cent of the total licensed forest area in the province is covered by 28 FMAs covering 58 per cent of the crown land forest area under licence. That figure will rise to 70 per cent when all the agreements are in place. I expect to release the results of the second set of five-year FMA reviews shortly.

On another topic, last spring the infestation of the spruce budworm and the jack pine budworm hit critical levels in northern Ontario, and the gypsy moth continued to spread in eastern Ontario. We decided that the best way to help the public understand the problem and the need for an aerial spraying program was to hold public meetings.

More than 20 public meetings in selected centres were held last winter. The ministry also co-operated with local governments in eastern Ontario to help provide an aerial spraying program on private land where a number of property owners requested it. We are hoping this co-operative program will continue in 1987, with increased participation by private land owners.

We spent over \$28 million spraying the biological insecticide bacillus thuringiensis over 860,000 hectares of forest from Cornwall to Kenora last spring. The budget was nearly five times last year's budget. We have not eradicated these pests, which threaten our forests—we know that we cannot—but we have certainly done a job of slowing them down and protecting some key forested areas.

Mr. Laughren: Mr. Bernier will have more to say about that.

Hon. Mr. Kerrio: I thought he might.

Mr. Laughren: Yes; you wait till we hear from Mr. Bernier on this one.

Mr. Bernier: It is something you might add to your comments as we go down the line.

Hon. Mr. Kerrio: I hope periodically you will continue to interject so that I can have a little drink of water.

Mr. Bernier: You promised you would not flip-flop. You will make a decision and you will go with that decision.

Mr. Laughren: And Mr. Bernier will not flip-flop either.

Hon. Mr. Kerrio: We ended up even on that.

Mr. Chairman: Now with that pleasant interlude, would the minister please continue?

Hon. Mr. Kerrio: Public meetings were also used to get public input on the issue of a resident sport fishing licence. We put a series of questions to resource users: Do you support a fishing

licence? How much should it cost? Where would you like to see the additional money spent?

The verdict on whether to have a sport fishing licence was an emphatic yes, and on the basis of that support from anglers across Ontario, we have implemented a \$10 sport fishing licence for the 1987 season. The licence is expected to generate up to \$10 million in revenue. This is in addition to the more than \$30 million the province already spends on our fisheries, and it will allow us to enhance ministry programs to protect, maintain and rebuild this resource.

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We have also received extensive public input on our comprehensive fisheries management plans. We are in the process of preparing plans for all but a few of the districts across the province, as well as for each of the Great Lakes. These plans will be prepared on the format and the experience gained during the past year while preparing plans for eight key districts throughout the province. These plans set out how our fisheries resources will be managed to the year 2000.

Another area I would like to deal with under the umbrella of openness is the class environmental assessment for timber management. Timber management, which takes place on more than 33.6 million hectares of crown land classed as productive forest, includes harvesting operations, site preparation, regeneration methods, tending practices, protection of trees from insects and disease and construction of access roads.

The public hearings on the EA will give the public a chance to examine and cross-examine timber management practices around the province. The planning process outlined in the EA includes not only various checks and balances to ensure sound management of this resource but also a system to include public involvement at four separate stages in the planning process.

We have already started following this new public involvement system with the first FMA signed since I became minister. The agreement with Great Lakes Forest Products Ltd. concerning the Black Sturgeon forest north of Thunder Bay was our 27th FMA, and has been examined by a number of interest groups and individuals in that area. There will be more public involvement before any draft management plan for the FMA area is approved.

The last topic I want to cover in this section is flood control and shoreline protection. Unusually high water levels in the Great Lakes basin have affected many shoreline properties over the last two years. To get more public input on the best

long-term approach to management of shoreline areas, last spring my ministry and the Ministry of Municipal Affairs established the shoreline management review committee, chaired by my parliamentary assistant, the member for Kent-Elgin (Mr. McGuigan). As well as receiving written submissions, the committee held 20 public meetings to get some firsthand advice, and it submitted its recommendations in November 1986.

On the basis of the committee's recommendations, the ministry has developed a long-term program that will include new policy on shoreline management, comprehensive planning, increased mapping and additional funding for low-interest loans, technical advice and supplies of sandbags.

Since our first action has to be prevention, we are now drafting the necessary policy statement under the Planning Act governing shorelines. The government has also allocated an additional \$700,000 for this fiscal year to expand the technical advisory service program to shoreline property owners and the provision of sandbags for emergency protection. We have also allocated another \$1 million to the low-interest loan program, bringing the total annual level of funding to \$4.5 million.

But shoreline problems are created by high water levels, and that is the responsibility of the federal government, because the Great Lakes are international waters. If any large-scale capital works program is undertaken, the federal government must be our partner. I have written to the federal Minister of the Environment to request federal support and I am still awaiting his answer.

I have asked my staff, in conjunction with representatives from the Ministry of Municipal Affairs and the Ministry of Treasury and Economics, to report back in March with the recommendations for cost-sharing in large-scale protective works for vulnerable stretches of shoreline.

In addition to the facets of the program I have just mentioned, we are also ensuring that the public will be involved in decisions affecting the shoreline. I will soon be appointing a shoreline management advisory council to solicit public opinion regularly and advise the government.

In a more personal vein on this subject, I have been taking all the opportunities I can to speak to as many groups as possible. I have been all over the province talking to shoreline residents, marina and tourist operators, municipal representatives, local politicians and special interest

groups concerned about high lake levels. I have inspected flood damage on the shores of the Great Lakes and I have been out on a commercial fishing trawler on Lake Erie. I have toured forest operations and pulp and paper mills, and I have taken a firsthand look at the aerial spraying operation and our forest firefighting crews at work.

It has been a great experience for me. In the process, I have learned that people are willing to listen if they are listened to. I have learned that in most instances, two sides of an issue need not be that far apart.

What I have tried to impress on groups and individuals is that natural resources require the interest, the ideas and the participation of a wide variety of groups and individuals. I believe it is essential for the public to accept a degree of responsibility for the resources from which it benefits.

On northern outreach, I could have talked about our northern initiatives under the heading of my first theme of greater accessibility or responsiveness to public concerns. A lot of northerners have been saying for years that too many of the decisions and programs affecting them are made and administered by people who are remote from the problems of the north.

So, as part of a government-wide initiative, we are concentrating more of our people resources in the north. This ministry is already one of the most decentralized departments in the government. Across the province, we have eight regional offices, 47 district offices and a wide range of research, firefighting and other work centres in the field. Last July, we decided to move the forest resources group staff from Queen's Park to Sault Ste. Marie, along with the forestry staff who are now based at the Ontario Tree Improvement and Forest Biomass Institute and the pest control section in Maple.

The move makes sense in many ways. First of all, it will give a boost to a northern community that has had to make some painful economic adjustments in recent years to respond to market pressures in the steel and iron ore industry. The move, which will take place over the next two to three years, will pull together all the provincial Natural Resources staff involved with protecting forests from fire and insect damage. Since the aviation and fire management centre is already located in Sault Ste. Marie it will also allow forestry staff to work even more closely with industry in the north.

Another major northern initiative of the Ministry of Natural Resources, announced in

September, is the \$4-million Northern Forest Biology Centre on the campus of Lakehead University in Thunder Bay. The centre, to be built by the university to house Ministry of Natural Resources staff, will provide facilities for government scientists to study the biology of northern boreal forests. Lakehead already has a well-respected natural resources curriculum. This new centre, and the new research chair in forest management and policy at Lakehead funded by the Ministry of Colleges and Universities, will establish the university as an internationally recognized forestry center.

In addition, we are creating two new technology development units at a first-year cost of \$921,000, one in Thunder Bay and one in North Bay. Twenty-one staff positions will be created at these two centres. These units will put more of the state-of-the-art research being developed by our scientists to practical use in forest management techniques. We have two other TDUs in the province in Timmins and Brockville.

We are also building a new \$6-million fish culture station at Tarentorus, north of Sault Ste. Marie. Once completed, it will be the highest production and most modern hatchery in the province and promises to help revitalize the trout stock in Lake Superior.

In our Tending North program, we have spent \$3 million and created an estimated 5,700 weeks of extra employment across northern Ontario in 1986-87. We have called Tending North an investment in the future of our forests because it involves improving young tree plantations and gathering important information on existing forest stands. It is also an investment in the economic future of our northern communities, an investment well worth making.

I have put the issue of fishing rights of Ontario's native people under the heading of fairness because it is a problem that goes beyond resource management. It is a complicated and sensitive issue which unfortunately has caused long-running disputes between the provincial regulatory body for fisheries management, the Ministry of Natural Resources, and some Indian bands. Aboriginal peoples do have special status under the treaties their ancestors signed with the crown and under the Canadian Constitution, particularly when it comes to hunting and fishing for food.

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The disagreement arises over how far special status goes. Last February, representatives of this government, the federal government and native organizations on the tripartite council

agreed to negotiate regional Indian fishing agreements. The negotiations are being carried out on behalf of the Ontario government by this ministry. I can report that they are continuing in good faith with several native groups involved in separate talks. Our aim is to provide a framework for a co-operative approach to managing our fisheries. Other resource users also have a stake in how much of this resource is committed to exclusive use by Indian people. Mindful of that, my ministry has established a team of regional and district staff to consult with all interested and affected groups and to ensure that they have an opportunity for input and involvement.

I am optimistic that the regional agreements will succeed where the previous efforts failed. This government is committed to bringing the negotiations to fruition to the satisfaction of all affected groups. We want to be fair to everyone.

Still within the general theme of fairness, we also want to deal fairly with both commercial fishermen and sports fishermen in this province. We are working hard to build up a more co-operative spirit between those two user groups and between commercial fishermen and the ministry. To help that along, earlier this year we announced the creation of a Fisheries Advisory Council to provide advice on important issues and to ensure that voices representative of the various interest groups affected by fisheries management are heard at Queen's Park.

As well, I have proposed amendments to 49 sections of the Game and Fish Act. These amendments received first reading in the House last month and will bring fishing and hunting procedures up to date. Among the changes affecting fishing are amendments that will allow the expansion of commercial aquaculture and stiffer penalties for commercial violations of the act.

To move into another resource area, I was concerned to learn last year that some of the workers engaged in tree planting for the ministry under contract to private firms were not getting paid. When the problem was brought to my attention, action was taken immediately. In cases where the Ministry of Labour was not able to enforce payment under the Employment Standards Act, the Ministry of Natural Resources stepped in to pay the workers directly. Measures were taken to improve the tree contracting system in the future. In 1986, mandatory regional seminars were required for contractors to make them fully aware of pertinent legislation, regulations and their responsibilities.

I would also like to comment, under the heading of fairness, about something this government considers to be most unfair. That is the recent agreement between the federal government and the United States to impose a 15 per cent export tax on softwood lumber going to the US. The Ontario government has been opposed to this from the beginning, and the Premier (Mr. Peterson) made Ontario's views known at the first ministers' conference negotiations. We think the US decision could have been successfully challenged in the United States Court of International Trade. Our stand had the support of most of the Canadian lumber industry and the lumber and sawmill workers' union. So Ontario is hurt by a situation that is thrust upon it, and we believe that this federal agreement, giving in as it does to US protectionism, will encourage similar US moves in the future.

There is another cause for concern too. The terms of the agreement, or perhaps I should call it capitulation, suggest that the provinces may be limited when it comes to retraining or job creation as a damage control effort. Funding of such programs must be handled very carefully. Otherwise, Canada may be subject to further retaliatory measures from the US, and that is a possibility.

Ontario will be a member of the task force dealing with the collection of the export tax and conversion of that into replacement measures to be handled by the provinces. Ontario, I can tell you, wants to proceed cautiously in this matter, perhaps leaving the export tax in place for a year to determine actual export levels and mill-province origins. Ontario, and this is not unanimous among other provinces, also wants forest industry officials and labour to be part of the national task force considering replacement measures for the export tax and exactly who should be taxed. We will continue to press for that representation when the forest ministers meet in several days.

My ministry will do everything in its power to reduce any job loss and economic damage this agreement may cause. We will work with the other ministries and other provinces as much as possible to minimize the harm this will do to Canada.

In relation to responsiveness, I have talked a fair amount about keeping the public informed and giving people opportunities to be involved in planning resource management. Now let me speak a little about listening and responding when there is an issue of public concern. Our effort to build closer connections with northern

communities is an example of responding to a legitimate public need, but there have been other issues. Let me mention three.

Take the contracting out of provincial parks. We asked the public, and particularly those people who use the wonderful parks systems we have here in Ontario, what it thought of having private operators run the parks. The Provincial Parks Council held a series of public meetings to get feedback and submitted a report to my office. I also requested that the ministry conduct an internal review of the practice. On the basis of these reports, I made the decision to end the contracting out of whole parks. Existing leases will be allowed to expire and no new ones will be signed. We will continue, however, to contract out some specific services at our parks, such as garbage collection, to private firms.

Another issue that involved recommendations from the Provincial Parks Council, after public consultation, concerned cottage leaseholders in Algonquin Provincial Park and Rondeau Provincial Park. In August, I announced that these cottagers would be able to extend their leases to the year 2017 if they complied with a new set of conditions.

The government will retain its long-term goal of phasing out all existing leases in the two parks. In the short term, the ministry will have first refusal on any lease transfer and will have to approve any building improvements, landscaping or earth removal at cottage sites. Leasehold rents will be based on fair market value. All the current cottage leases will expire in 1996 or earlier if the leaseholder declines to enter into an extension agreement under the new conditions.

The third issue I will discuss under the theme of responsiveness is party moose hunting. There was a demand from hunters for the reinstatement of party hunting and we made a careful evaluation of the status of the moose population before responding. We chose to allow party hunting for moose calves only. It was in the interests not only of wildlife conservation, but also of the sportsmen themselves to ensure that bringing back party hunting for calves would not deplete the moose herd to the extent that its future would be endangered. Naturally, ministry wildlife specialists will continue to monitor the situation closely.

In talking about these four general themes of openness, northern outreach, fairness and responsiveness, I do not mean to imply that there is not much going on in other areas of the ministry. Quite the contrary. But rather than give you a catalogue of every program group within the

ministry, I thought it would be beneficial to focus on a few initiatives in the light of these important government priorities.

For the next few minutes, I would like to touch on some highlights of some other program areas. I know you would like to hear at least a brief report on our firefighting program. The year 1985 was unusually quiet for forest fires. In 1986, we had a below-average fire season. There were 1,088 fires reported and 145,560 hectares consumed. Of these, in the extensively protected area in the far north, 48 fires were observed, burning a total of only 77,360 hectares. The 10-year average is 1,774 fires and 234,000 hectares burned.

Lakes were free of ice about two weeks earlier than usual, which necessitated bringing on fire crews, water bombers and initial attack helicopters ahead of schedule.

There were two major fires, both of them in May: Terrace Bay 7 and Red Lake 7. The Terrace Bay fire burned 200 hectares on the eastern edge of the town of Terrace Bay, threatening a housing subdivision. To protect the homes, we constructed fire control lines with the assistance of municipal fire departments in the backyards of properties and mounted an intensive attack with water bombers. Six hundred people were evacuated for six hours, but no buildings were lost.

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The other fire started 18 kilometres northwest of Red Lake and was both difficult and costly to bring under control. There were major runs on May 28, 29 and 30 and June 3. It was finally declared under control on June 12 at 61,200 hectares, with a perimeter in excess of 200 kilometres.

Emergency area orders were issued for both these situations. I also declared the northern part of Ontario a restricted fire zone for three weeks. During this period, there were also potentially dangerous fires in the Hearst, Kapuskasing, Cochrane and Moosonee districts, but they were controlled before they reached major proportions. By mid-June, and for the balance of the fire season, there was an average of four to 15 fires per day, with no major fires developing. Staff also conducted a total of 58 prescribed fires, preparing 14,323 hectares of harvested area for regeneration.

When we could, we loaned equipment and manpower to other provinces when they needed help. We also benefited from on-loan equipment and staff from other jurisdictions when our forces were stretched to the limit.

Our firefighting capabilities are continuing to improve as we modernize and upgrade our equipment. Our aircraft fleet is being gradually modernized. Last fall we took possession of two Canadair CL-215 water bombers, and by spring will have obtained two more under a federal co-operative supply agreement. Eventually, we will receive a total of seven CL-215s under the federal agreement, three owned outright by the Ministry of Natural Resources and four leased from the federal government. We also have two others that were purchased a few years ago. This will give us a fleet of nine of these aircraft by 1988.

We are also using state-of-the-art computer programs to help fire personnel in making crucial decisions about fire prediction and control. Last summer, the aviation and fire management centre in Sault Ste. Marie and the five regional centres were equipped with new computer equipment that will link them in a communications network.

We are harnessing the new technology to produce some exciting developments in our firefighting operations. We are doing the same in other areas. I mentioned earlier our commitment to forestry research and development through the forest biology centre in Thunder Bay and our two new technology development units.

I should also mention our support for the Ontario Centre for Remote Sensing and our computerized mapping program. Both were given special attention in the speech from the throne last April. Remote sensing involves the use of sensors on satellites or aircraft to produce images of the earth's surface by recording energy coming from the earth. OCSR is working in co-operation with industry to promote and develop its technological potential.

In a related field, we are in the midst of a two-year project to test the application of computerization to improve the provincial mapping system. The project's annual cost is \$4.2 million. We are gathering the land-related information in digital form for 600 computerized basic maps. The production of the maps is being contracted out to the Ontario mapping industry. A market analysis is also part of the project.

Our remote sensing and computerized mapping programs are on the leading edge of technology. Maintaining Ontario's competitiveness in a high-tech, global economy is an edge we cannot afford to lose. The economic benefits to Ontario are significant in terms of markets in Canada, the United States and overseas.

There have been some new developments in aggregates policy. The ministry released the mineral aggregate resource planning policy statement, known as MARPP, last year, the first such policy to be released under the Planning Act. Through incorporation with municipal official plans and zoning bylaws, this policy protects existing pits and quarries and selected mineral aggregate resources from incompatible land uses. It also provides greater flexibility in dealing with individual sites.

We are drafting a new aggregates act that will replace the Pits and Quarries Control Act and incorporate the quarry permit part of the Mining Act and the Beach Protection Act. In early 1986, we doubled the security fees that producers must pay when mining a site to reflect more adequately the costs of rehabilitating the land. The fees are returned when the rehabilitation is completed. In addition to an aggregates bill, we are working on legislation to clarify the ministry's role in public lands.

The province now takes in annual revenues of more than \$100 million through the sale and lease of crown lands and water resources. We are reviewing all these revenue sources. Included in this review is a revival of our crown cottage lots program. There are economic benefits to having cottagers on crown land in certain areas. These people spend money on everything from upkeep to groceries. The economic spinoffs are important to the local area, particularly in northern Ontario.

Mr. Bernier: Have you lifted the freeze yet?

Hon. Mr. Kerrio: We are in the process.

An improved cottaging program is just one of the initiatives under—you were reading ahead of me—consideration in a program to use crown land as a development tool. We intend to use this crown land resource to expand the regional economic opportunities for entrepreneurs in the north. The economic potential in the areas of tourism and expansion of the peat industry are just two examples. These are the kinds of initiatives we hope are being discussed by the northern development councils that have been established by the Ontario government.

While we are on the topic of our land resources, I have not said enough about our parks system, except in a brief reference to our public consultations over contracting out park services. During 1986, our provincial parks attracted close to 7.5 million visitors, with a total economic impact in the province of more than \$500 million. Our parks are irreplaceable. They do more than create tourism dollars. They also

provide wildlife habitat and recreational opportunities and offer a means of protecting our tremendous natural and cultural heritage. Ontario is prepared to take dramatic steps to highlight the significance of these natural areas.

Just recently, Ontario donated 7,000 hectares of land and other capital improvements worth \$8.5 million to the federal government to help establish the Bruce Peninsula National Park. In doing so, Ontario has recognized and supported the wider national significance of the Bruce Peninsula and the importance of protecting this area for all Canadians to enjoy.

In our own provincial park system, we are in the process of developing park management plans for all our parks. These plans are designed to provide long-term policy direction for development and management of each park's resources. To date, 62 park management plans have been approved, and interim management plans are being completed for the rest. Public consultation—through open houses, public meetings, workshops and questionnaires—is one of the key components of the park management planning process.

One of the many values of our provincial parks is that they give Ontarians an unequalled opportunity to view nature and wildlife. Our wildlife programs are incredibly varied. They range from research on polar bear distribution to wetland preservation.

In the past few years, we have also undertaken several wildlife exchanges and transfers with our American neighbours. In recent years, we have traded moose to Michigan, otters to Missouri and Hungarian partridge to New York state in return for wild turkeys.

Mr. Bernier: Where are all the turkeys? Not in the minister's office, I hope.

Hon. Mr. Kerrio: We are going to give you a licence to hunt some. You can put tags on them and name them, if you like.

In wetland management, we are in the midst of a review process. The guidelines regarding wetland management were released for public comment in 1984 and are being examined by my ministry, the Ministry of Agriculture and Food, the Ministry of the Environment and and the Ministry of Municipal Affairs. A new draft provincial policy proposed under the Planning Act will be released for public review next year.

In the meantime, however, we have not been idle. In September, we signed agreements with two organizations, Ducks Unlimited and Wildlife Habitat Canada, which will provide up to \$1

million annually for securing valuable wetland habitat.

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My ministry will provide \$50,000 a year to secure wetlands, concentrating on areas identified as provincially significant; Ducks Unlimited will match that amount; and Wildlife Habitat Canada will match the combined contribution of the Ministry of Natural Resources and Ducks Unlimited. This program is a very significant co-operative venture.

Research is an important part of our wildlife programs. The work of our rabies research unit at Maple is probably of particular interest to honourable members in urban constituencies, since the problem of rabid animals in city environments has increased dramatically in the last few years.

Last year, MNR began to develop a comprehensive rabies control strategy for urban areas, including the trapping, vaccinating and tagging of skunks and raccoons. In September, we continued testing an immunization program for wild foxes with an aerial drop of vaccine-saturated bait over a trial area in rural southwestern Ontario. The new baits are more powerful and longer-lasting than those used last year.

Ministry researchers are also developing better ways to predict potential areas of rabies outbreaks in the province through compiling and analysing rabies distribution statistics.

While I am talking about wildlife, I should also mention our community wildlife involvement program, CWIP, which has really taken off since it was introduced in June 1985. The program encourages public participation in the design and implementation of wildlife management projects. Volunteers submit proposals for projects. Once a proposal is accepted, MNR will supply the necessary expertise to carry it out, as well as provide funding for materials and equipment.

An estimated 200 CWIP projects, involving more than 7,000 people and over 57,000 volunteer hours, will have been completed or begun by the end of 1986. CWIP is based on the same principles as its sister program, the community fisheries involvement program, CFIP, which began in 1982 with 24 projects. By 1985-86, CFIP had expanded dramatically to 130 projects, including fish habitat improvement, transfers of fish to new habitat, trout and salmon culture and raising walleye to fingerling size.

CFIP is a solid success and a glowing example of the value of asking the public to pitch in and help with resource projects. Members of sports

and nature clubs across the province have proven that they are willing to get their feet wet and their hands dirty to accomplish something they feel is worth doing.

With the infusion of funds from the new resident sport fishing licence in 1987, we will have more financial resources to support CFIP. It will get even bigger and better.

We introduced our commercial fisheries modernization programs three years ago, with a flexible quota system designed to reflect the changing fish populations from year to year. We remain committed to maintaining Ontario's commercial fisheries and we are pleased with the progress of modernization to date.

Changes are also occurring in the ministry's sister organizations, the conservation authorities of Ontario. Ontario's 38 conservation authorities, this year celebrating the 40th anniversary of the provincial Conservation Authorities Act, are the lead agencies in flood plain management in this province.

I would like to mention two recent developments in this area. First, a draft policy statement on flood plain planning was jointly released in September by myself and the Minister of Municipal Affairs (Mr. Grandmaitre). It gives greater consideration to local needs and conditions and provides more opportunities for public input and greater flexibility in decision-making. We are asking for a response to the draft statement under the Planning Act by the end of this year.

Second, I have established an interministerial committee at the assistant deputy ministry level to review the roles, responsibilities and funding for conservation authorities. The ministries of Agriculture and Food, Municipal Affairs, Environment, Tourism and Recreation, and Treasury and Economics will participate.

The associations representing both the conservation authorities and the municipalities have said it is time for reform. I support that. We are living in a fiscal and social climate quite different from the one in which the authorities were originally created.

The authorities can look back with pride on a history packed with achievements in flood control, wetlands protection, erosion control, urban drainage, conservation education, wildlife management, heritage preservation and recreation.

This review will help us decide how the authorities should approach the future. When the interministerial committee has produced a report, in June of this year, we will continue the

consultation process by asking for input and advice from the authorities and from municipalities on its recommendations.

In conclusion, there are many other programs I would like to talk about. In the interests of keeping opening statements relatively brief, I am going to restrain myself. I would just like to add a few comments to wrap up.

There are a number of controversial issues involved in resource management in this province. We are trying to tackle them not just head on, but face to face. Wherever possible, my staff and I are meeting people in their home communities and at Queen's Park to find out what they think we should be doing. We are not looking over our shoulder for public reaction; we are going out to get it.

I should say before closing how impressed I am by the quality of staff in my ministry. They are knowledgeable and dedicated to the principle of integrated resource management for the benefit of all the people of Ontario. It is a principle which I believe in and one which I have endeavored to pursue vigorously, with the help of ministry staff.

This ministry is largely a field ministry. Our people are on the boats with the commercial fishermen, in the forests with the lumbermen, in the wetlands with the wildlife enthusiasts. Our people are fighting bugs and disease, fires and floods. They are enforcing conservation laws, supervising parks and making things grow.

I am proud of what we are doing and, particularly, how my people have responded. Of course, there is room for improvement. There always is. But I know we are on the right track.

Having said that, Mr. Chairman—

Mr. Laughren: Some things never change.

Hon. Mr. Kerrio: —I am pleased to hear what my honourable critics have to say. Both of them will participate as always in a constructive way, I imagine.

Mr. Laughren: Mr. Fontaine is a Liberal.

Hon. Mr. Kerrio: That he is. You cannot imagine how much I appreciate his function.

Mr. Chairman: Thank you, Minister. I cannot control what the critics might say, but we will hear from Mr. Bernier.

Mr. Bernier: May I open my remarks by complimenting the minister on his final words, when he says there is room for improvement. To start with that openness, I think the examination of the estimates of this ministry will go exceptionally well. I hope he will take our constructive criticism to heart. On your part, we

will recall and bring to your attention some weaknesses—not on your staff's part, I might say.

Hon. Mr. Kerrio: We share.

Mr. Bernier: As one who has shared your chair at one time, I have to say to you that you are the head of one of the finest ministries in the Ontario government.

Mr. Laughren: I wish Alan Pope was your critic.

Mr. Bernier: The staff of this ministry are second to none. They are recognized not only in this province and in this country, but across North America, as being of the finest calibre. There is no question about that. They do have to have the resources and the leadership, and that is what we will be zeroing in on during the course of these estimates. You have not been strong enough within the cabinet, within your circles, to obtain the necessary resources to really fulfil the mandate of this ministry. We will point that out to you as we go through the estimates on an item-by-item basis.

I compliment the ministry on its move to open this to public input, to obtain the views and concerns of the public at large. I know across northern Ontario—and I can speak for my own area—the ministry does make an effort with public open houses and public hearings with this new openness, which I think was started by my colleague the member for Cochrane South (Mr. Pope).

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I want to caution the minister and his staff that there is a growing feeling among the public that they are becoming useless as they go to these open houses to share with the ministry staff the input they have, to share with them the statistics and the facts and figures, because the staff are leaving the impression that their minds are made up. It is just an exercise they have to do; it is a publicity stunt that the government wants them to go through.

I say to the staff in sincerity that when they go to these public meetings, they should change the attitude in their discussions with the public, be able to answer all the specific questions and at least leave the impression that they want their input, and not say: "We have the fish management plan in place. We have the forest management plan in place. It is here. We are just here to expose it to you and you can take it or leave it."

That is the attitude in some of those open houses. I say that to you with sincerity. I hope the deputy will take this seriously and make the staff more available. It is not just an exercise, it is the

public input that you want. I know that, but there are some who just book it off as a job they have to do.

I think it is important and I commend you on the direction you are going. However, we must not leave the attitude or feeling that the comments of the public are just an exercise. "We know better than they do. We are the experts in the field, and there is no value in what they tell us."

I say that to you. It is coming back to me more and more. In fact, some of the people in the field are saying that maybe these public input meetings are just a farce. They say: "I have been going to so many of them now and I do not see anything they accept. I offer constructive suggestions and I have yet to see any suggestion I or this group have made where the ministry will start to accept it. It is a firmly closed, shut door."

I leave that with you as an issue that is growing. I would like to see it stopped because the track you are on is the right one. Resources are something that everybody is an expert in. Everybody is an expert on the birds, bees, forest and roads. They all have a little bit of expertise, or at least they think they have the expertise and certainly would like to share it.

Regarding the Baskerville report to which you made reference, you would have to agree that it caused some concern across the province. I know my colleague from the New Democratic Party pointed out that the expectations of that report were for an audit.

Reading the report—I am a simple little guy from northern Ontario from the boondocks of Hudson—I found it very difficult to go through. It was highly technical, strictly for the staff in the forest branch. Of course, the advice Baskerville gave was to the ministry itself. We were looking for something more definitive with respect to the forests. His recommendations may flow in the weeks and months ahead. Let us hope they do, so we can get a handle on the condition of our forests, the regeneration practices and the amount of wood fibre left in the forest, because that is becoming a growing concern among the public.

I hope these can be addressed, because the public, as I am sure you are aware, is becoming concerned and its expectations were high for the Baskerville report and were shattered when it came down. The expectation was that it would answer the needs and requests that have been around for several years. Let us not forget that this issue has been around since 1924. It is not a new issue. We were looking for some way to

reassure the public that our forests are in good shape.

I live in an area that is dependent on the forests for its livelihood, for its economic wealth. I can say quite truthfully that I have no fear about the future. The ministry has moved with dispatch in many areas. It has moved to modernize and to keep up with the times in the development of forest management agreements and so on. I have no fear that we are going to run out of trees. I have said so publicly on many occasions. I do not have that fear for myself or even for my children or my grandchildren. But I do think that an audit with some reassurance should come out of the recommendations of the Baskerville report. I am sure my colleague the member for Nickel Belt (Mr. Laughren) will have some positive suggestions about how this can be achieved.

On the question of forests and moving to chemical spraying, I hope the minister will stop playing politics with this very important issue. It is time to put our forests ahead of politics. I say that to you sincerely—

Mr. Laughren: Right on.

Hon. Mr. Kerrio: What do you mean "right on"? You are on opposite sides.

Mr. Laughren: No.

Hon. Mr. Kerrio: Yes, you are. You both want to settle it but you have different ways of doing it.

Mr. Bernier: It is too serious a situation to be dictated by politicians who in my opinion are not totally familiar with or are not well informed about making these very sensitive and important decisions as to the type of spray that we will use on our forests. If you travel through northern Ontario and come to my area, go to workers in the mills of Kenora and Dryden and see what they tell you. Now the union bosses: that is another issue.

Mr. Laughren: Oh, I see.

Mr. Bernier: That is another issue.

Mr. Laughren: They do not represent the workers.

Mr. Bernier: No.

Mr. Laughren: You do not represent the constituents either.

Mr. Bernier: I met with 10 union leaders just last week and I can tell you that they want the ministry to use the advice of their experts. That is what they want; not from the politicians.

Mr. Laughren: I want to hear Leo's position.

Mr. Bernier: I say to you, sir, you will have my full support if you follow—

Mr. Laughren: What is your position?

Mr. Bernier: My position is they can use the chemicals the experts say they should use in those areas where there is an emergency, where there is a need.

Mr. Laughren: The experts say you can use it?

Mr. Bernier: Yes, they do.

Mr. Laughren: No.

Mr. Bernier: I am fully behind the staff on this one. You, as the minister—

Mr. Laughren: Staff? What are you talking about? The staff is of the same position we are.

Mr. Bernier: No, they are not. You go out in the field—

Mr. Laughren: That is an outrageous accusation.

Interjections.

Mr. Bernier: The staff were meeting in Thunder Bay—was it last spring?—with the Ontario Forest Industries Association deciding and working on an arrangement with regard to the use of chemical spraying. On a Friday morning, a report came from Queen's Park, the minister's voice saying, "We will use Bt only," which totally pulled the rug from underneath his staff.

Mr. Laughren: Whip saw.

Interjections.

Mr. Laughren: Who held his hand? Who was it who—

Mr. Bernier: It certainly was not me.

Mr. Laughren: I believe that. It was not even me.

Mr. Bernier: I just want to reassure you that—

Mr. Bernier: It is time our forests came first. Jobs come first. Politics should be way down the ladder on this issue. I say that to you and I hope you will have the intestinal fortitude to stand up to your colleague the Minister of the Environment (Mr. Bradley) and say: "I am in charge of the forests. I have to look after the future of these towns and these communities and these jobs. I have a job to do and these are the tools my experts say I need to do the job." We will be behind you 100 per cent. There will be no waffling and no flip-flopping like the curious flip-flops on hunting.

Interjection.

Mr. Bernier: No, we did not flip-flop.

Mr. Laughren: He could not make up his mind.

Mr. Bernier: We know where we are going.

Mr. Laughren: No, you do not.

Mr. Bernier: Yes, we do.

Mr. Laughren: That is not what Susan told me.

Hon. Mr. Kerrio: Susan who?

Mr. Laughren: Susan Fish.

Mr. Bernier: I intend to be around for a long time.

Hon. Mr. Kerrio: I appreciate where you are coming from.

Mr. Fontaine: The leader too. One thing we did hear is to stop the spraying in northern Ontario. He said that on television on his weekly program.

Mr. Bernier: It will not wash in northern Ontario. It will not wash in eastern Ontario. Leadership has to be shown by this minister. That is the problem when you start flip-flopping and waffling and politics come into the game.

Mr. Fontaine: You should know that we have minority government.

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Mr. Bernier: Do not flip-flop. There is no need to flip-flop. Let us charge ahead and do what we know we have to do, what is right. You have experts. You have the federal government experts and provincial government experts from the Ministry of the Environment. We have studied this issue. You have a task force in place. I believe it is time to follow their advice.

Regarding the resident fishing licence, I bring to your attention that I was not enthralled with this new tax, and it is just a tax. I have heard you say on many occasions that the new resident fishing licence will bring \$8 million or \$9 million into the Treasury and most of it will go to an enhanced fish management program. I find it inconceivable that you, as minister, could not have gone to the Treasurer (Mr. Nixon), who especially last year and for the year ahead, has a windfall of about \$1 billion in extra tax revenue from the sales tax, from the federal government and from your increased taxes, and you could not find another \$8 million or \$9 million in that massive pot of money to save us from this extra tax. That is what it is, an extra tax. There is no other way about it; it is a tax.

Hon. Mr. Kerrio: I like to think of it as a user fee. There are people who are participating who are very anxious to become part of the new way of providing that very important resource.

Mr. Bernier: All right. I accept your comments. I have to say to you that as I travel across

northern Ontario, the apathy towards the resident fishing tax is there. It is unreal. I was around when we brought in the \$3 resident fishing licence and the outcry was absolutely astronomical across the province.

Hon. Mr. Kerrio: Then you did a flip-flop.

Mr. Bernier: Yes, we withdrew it that time. I was opposed to it then as I am opposed to it now.

Hon. Mr. Kerrio: Have you bought your licence yet, Leo?

Mr. Bernier: Yes.

Hon. Mr. Kerrio: I am going to buy you a licence.

Mr. Bernier: I have bought my licence. I have my licence here. I want to give my licence to the minister.

It must be some embarrassment to the administration that we have a tax that is an additional tax. We have no guarantee that the funds from this new fishing tax will go to enhance fishing programs.

Hon. Mr. Kerrio: Leo, it is flowing already. To show our good faith, it is flowing before we even get the money.

Mr. Bernier: I serve you notice that we will bringing in an amendment to the Game and Fish Act that will guarantee the funds from this new tax—

Hon. Mr. Kerrio: I trust Mr. Nixon. He gave me his word.

Mr. Bernier: I have been around long enough not to trust any Treasurer. It should be enshrined in legislation and guaranteed to the public because the public has accepted this on the strength that the money will go into an enhanced fishing program.

Hon. Mr. Kerrio: I appreciate that. I am going to do that.

Mr. Bernier: We discussed that. I serve you notice that we will be moving in that direction. With regard to the licence itself—

Hon. Mr. Kerrio: If it is a money thing, Leo, we could have to go to the polls if you lose.

Mr. Laughren: No, not with the accord.

Mr. Bernier: I want to talk about fishing licences. I have one here. I cannot understand the thinking in the ministry or how they contract out the printing of these licences. What goes on? I do not know whether you are aware of it but an issuer receives bundles of these. He receives them all wrapped in plastic. He receives a bundle like this.

Hon. Mr. Kerrio: Yes.

Mr. Bernier: There is no serial number on them.

Hon. Mr. Kerrio: We do not need it.

Mr. Bernier: There is nothing on it.

Hon. Mr. Kerrio: We do not need a serial number. This is to simplify the issuing of licences. You can take those bundles and lose them. You can throw them overboard. It does not mean a thing. The big thing is the validation stamp. No other licence has that. We thought we would streamline this so we could give Floyd Laughren a bundle of our fishing licences.

Mr. Bernier: Can you imagine—

Hon. Mr. Kerrio: It is a real convenience for anyone to fill this out. Where we keep control is on the validation tag. It is like a stamp that is issued by the government of Canada—oh, the government of Canada is not—

Mr. Bernier: There is no number on them. The Provincial Auditor is going to question you. Some people are saying, "I am going to get 50 licences."

Hon. Mr. Kerrio: How do they keep track of stamps? How does the federal government keep track of postage stamps?

Mr. Bernier: That is their responsibility.

Hon. Mr. Kerrio: That is what these are.

Mr. Bernier: The licence itself—

Hon. Mr. Kerrio: Does not need a number on it.

Mr. Bernier: —really needs to have a number on it.

Hon. Mr. Kerrio: Tell me what the number does.

Mr. Bernier: The conservation officers are saying it is ridiculous. Even the paper is like toilet paper.

Hon. Mr. Kerrio: You are a hunter, Leo.

Mr. Bernier: It will not last.

Hon. Mr. Kerrio: I am not going to say any more.

Mr. Bernier: The issuers get those licences. They do not even have to sign for them at the post office.

Hon. Mr. Kerrio: That is right.

Mr. Bernier: They do not even know whether there are 100 licences in a bundle or 50 licences in a bundle and you have no way of checking.

Hon. Mr. Kerrio: I do not need to check these papers. With modern technology—

Mr. Bernier: I was sold on the idea that this was good statistical information, that we would know how many hunters are fishing—

Hon. Mr. Kerrio: Oh, yes. We have the records.

Mr. Bernier: We would have all the numbers and all this information at our fingertips.

Mr. Chairman: We are on opening statements, with the minister, then the Progressive Conservative Party to be followed by the New Democratic Party. I am sure Hansard is having great difficulty recording what is being said.

Mr. Bernier: It is the interjections.

Mr. Chairman: Minister, I presume you want what you say recorded.

Hon. Mr. Kerrio: Okay; go ahead.

Mr. Chairman: Mr. Bernier, will you please continue and be less controversial? Save that for—

Hon. Mr. Kerrio: Did you buy your grandchildren fishing licences this year?

Mr. Bernier: That is the first thing I did on January 1. The trout season opens in my area and I always check—

Interjections.

Mr. Chairman: If you do not proceed in a reasonable fashion, we will go to the NDP.

Mr. Bernier: I will say this for the sake of the deputy. The issuers keep asking me why the ministry changes the format of the licences every year. You issue 1,000 or 2,000 fishing licences. You put in the weight, the height, the colour of the eyes and the colour of the hair and next year it is all changed around. You put in the day, month and year of birth. Next year, it is all changed around and it is the year, the month and the day. The issuers say it is a really annoying situation. They get used to filling out licences; many of them issue thousands of licences. They say, "This year it is changed." It is for no apparent reason. I am just trying to help you to simplify the system to make it more reliable and to give us the statistical information we need with this new fishing tax.

Hon. Mr. Kerrio: You will notice I have been curtailing responding. I shall take that as notice. At the proper time, Mr. Chairman, I shall—

Mr. Chairman: Thank you, minister.

Mr. Bernier: You made mention in your earlier remarks of the native fishing agreement. I have to relate to you the comment that my colleague the member for Cochrane South (Mr. Pope) made on the Timmins radio station about a

week ago. He said he could not believe this new government would repeat the mistakes he made in 1982. Coming from Mr. Pope, I thought that was a confession and a sign of maturity.

Hon. Mr. Kerrio: Leo, that has to be documented.

Mr. Bernier: It is. He did say that. I cannot believe you would do exactly the same thing. You are being a little more cute and a little more sophisticated than he was. He tried to carry the ball himself, which I think was the right way to go. You have taken your staff, a fellow like Al Stewart and your regional staff, and as you pointed out you have district staff involved and they are all out there trying to educate the public.

There were the meetings held in Kenora, Fort Frances and just two or three nights ago in Sioux Lookout. We had over 500 people jammed into the Moose hall. They were literally hanging from the rafters. To put your senior civil servants in that position is totally unfair. This is a major government policy direction and policy decision. You, along with the Minister of Tourism and Recreation (Mr. Eakins) and the Minister of Northern Development and Mines (Mr. Peterson) should be out in front with the Attorney General (Mr. Scott). They should be out taking this message across northern Ontario, not hiding behind their staffs, who are out there and cannot answer some of the questions. It is not right that you, as minister, should put your staff in that position.

Hon. Mr. Kerrio: One thing I cannot accept is that I hide behind my staff at any time. I want to tell you something. You are looking at a minister who is up front and centre. I certainly look for support from my staff, but I would never send a staff person where I am not prepared to go myself. I am limited as to the areas where I can travel. I would not hesitate.

Mr. Bernier: If you feel that way, you should stop next week's meeting in Dryden, get a new date and tell the public that you, yourself, will be there to bring the message with regard to the native fishing agreement. What you are doing is creating a split—you are dividing our community up there and that has never been done before—between the native people and the white people.

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Hon. Mr. Kerrio: This was a position of your government.

Mr. Bernier: You are trying it again.

Hon. Mr. Kerrio: Do not say this is the start of a split, because you had precisely the same position.

Mr. Bernier: We withdrew it because it was the wrong way to go.

Hon. Mr. Kerrio: Do not tell me we are starting something that was initiated by the former minister.

Mr. Bernier: You have made a grave mistake. I am not arguing the merits of negotiation or anything else. A minister of this government should be up front on that issue. I say that as strongly as I can. I also feel that the negotiating table should have the user groups around it and that you should be fighting for their cause.

Hon. Mr. Kerrio: There is something you are saying that is not true. We are not negotiating. That is the misunderstanding of that whole process. We are not negotiating with the natives in the sense of an agreement. They are putting forward what they think would be in keeping with their feelings about the thing. We are saying that there will then take place a forum of all the people you are describing to consider it. We are not negotiating an agreement with the natives. That is a grave misunderstanding. That is not what is happening.

Mr. Bernier: The message out there is—

Hon. Mr. Kerrio: I appreciate what you are saying. Believe me, I understand that there is a very serious problem and that we have to address it.

Mr. Bernier: That is right, a very serious problem; there is no question about it. As a further step, you should be up front looking for funds for those various groups to put their packages together to make their presentations.

Hon. Mr. Kerrio: I am not averse to doing that in the capacity that I can do it.

Mr. Bernier: We did it with the Royal Commission on the Northern Environment. We provided funds to the various groups so they could put their position papers together in a very positive, well-documented way. The user groups up there are asking for that same consideration. I do not think you can discount the magnitude of this issue.

Hon. Mr. Kerrio: I appreciate what you are saying.

Mr. Bernier: I told your colleague the Minister of Northern Development and Mines exactly the same thing last night at the estimates of that ministry.

Hon. Mr. Kerrio: That is fair.

Mr. Bernier: They have underestimated that.

Let me touch on crown lands. I was pleased that the minister made reference to the value of crown land, the cost of administering crown lands and the possibility of an enhanced, redefined summer cottage lot program. If there ever was a weakness—I have to confess that when I was part of the government I fought that policy. We did come up with a policy, and I will put into the record what our policy was because I think it is of significance.

It is a revised policy for northern Ontario: "To make available for lease and sale up to 1,000 lots per year, subject to estimated demand for cottage lots by Ontario residents, under the following conditions. In the vicinity of all northern Ontario towns with a population of 10,000 or greater, preference should be given to the reservation of waterfront crown lands for public use, based on projections and estimates for future demand for day use, recreation by residents and the nearby communities and estimates of the amount of waterfront land required to meet that demand. Where there is no official plan or formally approved ministry land use plan, no further cottage lots are to be provided in such areas on the lake where existing development exceeds 30 per cent of the lake's capacity, as calculated by the ministry."

Hon. Mr. Kerrio: When was that put forward?

Mr. Bernier: That was in 1981. Shortly after that, the then Minister of Natural Resources, the member for Cochrane South, put on a freeze until the ministry got all its planning in place. That freeze has been on for some time.

Hon. Mr. Kerrio: I guess since that time.

Mr. Bernier: It has not been removed. I urge you to lift that freeze. There is a demand for summer cottage lots in northern Ontario that is absolutely unreal. I wrote some of your district offices last July and received a response about six months later in connection with the summer cottage lots that were available in those areas. I asked the various districts three questions to provide me with information with respect to summer cottage lots. (1) I asked for the number of crown land seasonal cottage lots the district currently has available for sale or lease; (2) the number of crown land seasonal cottage lots developed in each of the past five years; and (3) the number of seasonal cottage lots developed on crown land which have been sold or leased in that specific district in each of the past five years.

I will put the results of that on the record to show you what has been done. It is criminal that this ministry, which has the responsibility for

literally millions of square miles of crown land, would take such a possessive attitude to that land. I have seen statements such as the minister made here recited time and time again on the benefits of an enhanced summer cottage lot program, but nothing ever happens.

The first question concerned the number of crown land seasonal cottage lots the ministry currently has for sale. In the Dryden district, there are two. In Fort Frances, they have 32 conventional lots and six remote lots. There is none in Ignace or Kenora. In Red Lake, there are 18 conventional lots and seven remote lots. In Sioux Lookout, there are no lots available, and in Geraldton, there are 20.

The second question concerned the number of crown land seasonal cottage lots developed in the past five years. Listen to this. In the past five years, Dryden and Fort Frances have had none. Ignace has had 30. The minister was up there last week talking to the Ignace people about the summer cottage lot program. Kenora has had none, Red Lake had eight in 1981. Sioux Lookout and Geraldton have had none.

The third question concerned the number of seasonal cottage lots developed on crown land that have been sold or leased in the districts in each of the past five years. In 1981, Dryden leased or sold two; Fort Frances had none; Ignace had six; Kenora had one, Red Lake had 12; Sioux Lookout had 13; and Geraldton had 10. In 1982, Dryden had three; Fort Frances had none; Ignace had four; Kenora had one; Red Lake had six; Sioux Lookout had one; and Geraldton had four.

In 1983, Dryden district sold or leased three lots; Fort Frances had none; Ignace had 12; Kenora had one; Red Lake had one; Sioux Lookout had one—imagine one—and Geraldton had eight. In 1984, Dryden sold or leased three; Fort Frances again had none; Ignace had five; Kenora had none; Red Lake had four; Sioux Lookout had two; and Geraldton had five. In 1985, Dryden again had three; Fort Frances still had zero; Ignace had two, Kenora had one; Red Lake had two; Sioux Lookout had one; and Geraldton had 11.

In my travels across northern Ontario, this issue constantly comes up as it came up at your meeting with the people of Ignace. They see the economic benefits which will come from an enhanced summer cottage lot program. The reeve of Ear Falls, Stan Leschuk, has been calling for this for a number of years. I am now asking for some consideration on the south end of Lac Seul. It is not a large subdivision. If you

developed five or 10 every year for the next five or 10 years, you would satisfy the need.

The possessiveness and the attitude of the ministry with respect to crown land are indefensible. People have come to me and said, "I will never go into a Ministry of Natural Resources office again and make an inquiry for a summer cottage lot because they literally laugh at you." We have not sold crown land for years. We are not going to. We are going to keep it for some future generation. They are totally embarrassed when they go to a ministry office. It comes back to me time and time again.

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I raise the issue. It is one that is growing in proportion across northern Ontario. The land is there. That is why people live in northern Ontario. A summer cottage in northern Ontario is as important to them as a car to a person living in Toronto.

I was out in Alberta for Christmas, and we were discussing this same issue. It was pointed out to me that they do not have a summer cottage lot problem in Alberta; they have a recreational vehicle problem. People do not have cottages; they all have recreational vehicles to go into the mountains and find places to park. That is their problem.

These were people from Ontario who had a summer cottage lot and who moved out to Alberta. They noticed the difference in attitude, how people cherished their summer cottage lot, that facility and that development. They would sell their home before they would sell their summer cottage lot. It is that important to them. When they moved out there, there was a totally different attitude because of the lack of lakes. They have a different problem out there. It is very real.

I urge the minister to have a good look at it. I think there is a tremendous demand. By this attitude of possessiveness and lack of development, we have accelerated the price to astronomical proportions. To go to Kenora and to have to pay \$22,000 for an undeveloped waterfront lot is ridiculous to me in this time of our history when we have the wherewithal to put roads in there and to subdivide some of these areas. With the amount of shoreline we have on our 250,000 lakes—in my riding alone, it is estimated there are something like 50,000 lakes—surely we can get a summer cottage lot program going in that area to meet the needs and the demands of northerners.

They all have a fear up there that we are going to desecrate the whole countryside and ruin everything for future generations. I want to point

out to you that there has not been a population explosion in northern Ontario. If anything, there has been a decline in the population. We do not have a problem with population growth. I think you can devise a program whereby those lots would remain in perpetuity in the hands of Ontario residents only. I do not think they should be sold to nonresidents. I am firmly convinced of that. There are ways of doing that. They should remain in the hands of the residents of Ontario.

Hon. Mr. Kerrio: It has been agreed that I would respond in depth to some of the questions, but on this one, in passing, I agree with the need. The Premier (Mr. Peterson) announced in Sault Ste. Marie that we would not only be examining but also putting forward a position on this matter. I expect to be able to share with you in the not-too-distant future a plan that is going to address that whole problem.

I flew over that area at Ignace. I looked at lots proposed by the corporation. I was impressed by the willingness of the people of the area to maintain the road and to do things on their own. We are prepared to examine those initiatives in that area, so I think I can share that with you.

Mr. Bernier: There is a real need; there are no questions about it.

If I may go to my prepared comments with respect to the estimates themselves and the dollar figures, I would like to start by zeroing in on the first item, which is the program objectives.

Point 2 of the 1985-86 estimates briefing book dealing with the lands and water program objectives used to read—I will quote what was said in the 1985-86 estimates briefing book—"to administer, protect and conserve public lands and waters and to ensure with other agencies, through participation in planning and control, co-ordinated uses of all lands and waters."

In the 1986-87 estimates briefing book dealing with lands and waters, it now reads "to facilitate the orderly development and the wise use of Ontario's land and water resources for the social and the economic benefit of the people of Ontario and to protect life and property from forest fires, floods and erosion hazards." I want to ask the minister what happened to the words "co-operation" and "participation" and the phrase "co-ordinated use of all lands and waters." Why was the phrase "other agencies" dropped?

Hon. Mr. Kerrio: I think the people believe the new government when it tells them that is taken for granted.

Mr. Bernier: You have a better answer than that.

Hon. Mr. Kerrio: That is all I can come up with right now anyhow. I will answer in depth later on.

Mr. Bernier: If that is your answer, you might want to reflect on it.

Hon. Mr. Kerrio: I should say that we are certainly very much prepared to do that.

Mr. Bernier: Just have a look at it. Is there a hidden agenda? That is what we are concerned about. Is there something there you are not telling us? You have changed the wording which has been used for so many years and all of a sudden there has been a change of direction.

Hon. Mr. Kerrio: No, I would not say that. I cannot conceive of that being the case.

Mr. Bernier: I would hope not. I want to talk about the ministry administration program, the main office activity.

The minister estimated he would spend about \$2.9 million in salaries and employee benefits in 1985-86. He ended up spending \$100,000 less than that. Now you are asking for just over \$3.05 million in the 1986-87 estimates. That represents an increase of over \$110,000 over the 1985-86 actuals, all of which you did not even spend last year. I find it hard to understand.

In the telephone directory, there are eight assistants to the minister listed. Excepting the executive assistant, there is an assistant for employment co-ordination, one for agencies, boards and commissions, one for legislation and policy, one for constituency and communications, one for community liaison, one for financial, personal and special projects and an administrative assistant.

In comparison to that, your very able deputy minister who sits beside you has only an administrative assistant, a secretary and a special negotiator for native issues.

Mr. Laughren: Lobbying again?

Hon. Mr. Kerrio: She is not harassed by the critics.

Mr. Bernier: I would like to point out the top-heaviness of that. The one who does all the work has a smaller staff.

The telephone book also lists the same assistants doing the same thing in the minister's office of the Ministry of Energy. Who do they serve? The Minister of Energy or the Minister of Natural Resources?

Hon. Mr. Kerrio: Both.

Mr. Bernier: That helps a little bit. I want to point out that you have two people fulfilling essentially the same function in both ministerial

offices. One is called a special assistant for community liaison and the other is called constituent communications. Is the community and constituency one and the same?

Hon. Mr. Kerrio: I will go through that list and give you the answer. I will tell you how this developed. When we started out with two ministries, there was overlapping in that particular part of the staff, and I will delineate that for you.

Mr. Bernier: You might want to tell us just what their salaries are and who pays for them. Is it the Ministry of Natural Resources or the Ministry of Energy? Where does their salary come from? Do you split it half and half? It is very confusing.

Ms. Mogford: Each minister has special envelopes.

Mr. Bernier: Special envelopes?

Ms. Mogford: Yes; assigned.

Mr. Bernier: From the Ministry of Energy?

Ms. Mogford: By ministry. Every ministry will have one.

Mr. Bernier: Explain that now. What envelope pays for the staff? The Ministry of Energy or—

Ms. Mogford: It is a combined envelope.

Mr. Bernier: So it is split. You get 50 per cent from the Ministry of Energy and 50 per cent for the Ministry of Natural Resources.

Hon. Mr. Kerrio: I would have to look at that. It may not be 50 per cent.

Mr. Bernier: Okay.

Hon. Mr. Kerrio: It may be a portion of it.

Mr. Bernier: With regard to financial services activity, even though the minister has increased salaries and benefits by \$350,000 with the same number of classified staff, that is about 90, he intends slashing \$151,000 from such necessary functions as supplies and equipment, transportation and communications services.

The actual expenditures for 1985-86 were \$6.3 million, whereas the minister intends to spend only about \$50,000 more this year on this whole activity. In that case, where does the 16.9 per cent increase come from? Can you give us the answer to that?

Hon. Mr. Kerrio: No. As I say, I would not presume to have those answers at hand.

1140

Mr. Bernier: Okay.

Mr. Laughren: Alan Pope would have.

Hon. Mr. Kerrio: I threatened to leave all my staff at home, but I thought better of it when I realized I have two heavy hitters out there.

Mr. Bernier: From my own experience in government, I have found that too often in the examination of the estimates of the various ministries the actual dollar figures are never looked at. The estimates are all glossy and you talk about generalities. I have taken a different approach; I have to tell you that. I am looking at the dollars, how they compare to last year and what increases there are. I know you do not have the answers right at your fingertips, but I hope you can get them during the course of these estimates. A written reply would be fine.

Hon. Mr. Kerrio: I appreciate that the estimates vary considerably; some people become very much involved in policy and others might take a hard look at the funding, as you are now. That is a fair part of the estimates perusal.

Mr. Bernier: I want to talk about the speechwriters. Do you have a special assistant for speechwriting or do you use the ministry staff?

Hon. Mr. Kerrio: I work mostly with ministry staff. I sit down with the speechwriters who have something of a flair for how I feel.

Mr. Bernier: Do you contract any of that out?

Hon. Mr. Kerrio: I do some contracting.

Mr. Bernier: Could you give us a list of the number of speeches and the cost for each?

Hon. Mr. Kerrio: Yes.

Mr. Bernier: On systems development services, in this activity the minister is slashing employee benefits, despite increasing salaries and wages. He is cutting about \$40,000 in transportation and communications. He is increasing services by about \$200,000 and he is deleting \$160,000 from supplies and equipment. How can you as a minister slash from transportation and communications and increase services? I do not know how you do that. When you take away funds from transportation and communications and still increase services, it is a little confusing. I would like to know how you are going to achieve that. Similarly, how can you increase services and cut out supplies and equipment? Overall, you are asking for a total activity expenditure decrease of about 10.9 per cent.

Aside from reallocation of the funds to other activities of which we would like an accounting, aside from constraint savings, which I take to mean dispensing with more necessary job functions, aside from what you term "program review

savings," of which we would also like to hear your definition, does the minister realize he is trying to run this activity on just about \$500,000 more than the former administration ran it in 1984-85?

On field administration, there is another interesting point here on which we would like to hear from you. You are cutting about \$3 million in salary in this field of wages and benefits, which also serves a need for about \$6 million worth of supplies and equipment. How do you explain posting an 8.1 per cent increase in expenditure estimates when we are actually moving on a cut of about \$2 million in this activity overall? Again, you are trying to run this activity on a mere \$1 million more than the previous government ran it with just two more employees.

With respect to the land and water program, I ask that you pay particular attention to queries on this program. As you have pointed out in your own comments, it is vital to the province. We are pleased that you are holding a review, but it is only an internal review of the conservation authorities. We will certainly look forward to receiving a copy of that. I hope you will make it public.

Hon. Mr. Kerrio: Absolutely.

Mr. Bernier: However, we note that under conservation authorities and water management, you overspent this allocation for salaries and wages by about \$84,000 and are now increasing your estimates upwards by roughly only \$70,000, even though that represents a mere increase of approximately \$100,000 over the actual which the previous government had in 1984-85. Could we get answers there?

You overspent in 1985-86 on services allotment by about \$400,000 and you are now asking for a figure almost equal to that, approximately \$350,000 as an increase to this overexpenditure, which represents only about a \$200,000 increase over what our party spent in 1984-85.

I note that you are holding the line on transfer payments to municipalities for grants for operation and administration. Maybe you want to elaborate further on that in your reply when you get the facts and figures.

We note with some concern that you do not intend to give anything to the Boy Scout Jamboree this year, something that has been going on for a number of years. Can you imagine that? A simple little thing.

Hon. Mr. Kerrio: Where is the jamboree this year? Is it in Mr. Bernier's riding?

Mr. Bernier: You might want to consider that grant that has been coming from the Ministry of Natural Resources for so many years for the Boy Scout Jamboree.

Hon. Mr. Kerrio: We will not get away with that one. I believe Mr. Bernier has just struck a blow for the Boy Scouts.

Mr. Bernier: Please look after the Boy Scouts. See if you can arrange your programs so that the Boy Scouts are looked after.

We note also that you do not intend to give any more than \$1 million for the Great Lakes shoreline management program. This is a very serious issue, as you mentioned in your earlier comments. I would remind you, sir, that you stood in the House on December 7, 1986, and said that until an emergency is declared, the high water levels of the Great Lakes are the responsibility of the individual property owners. I also remind you that you stood up in the House just three days later and said that the problem of high waters in the Great Lakes is way beyond the ability of the Ministry of Natural Resources of Ontario to participate in any meaningful way.

Hon. Mr. Kerrio: I would think that is true.

Mr. Bernier: You might want to look at that again.

Hon. Mr. Kerrio: I really think the United States and Canadian governments are playing a major role.

Mr. Bernier: We would like to leave you some suggestions with respect to this issue. I have four or five points here that I would like to put on the record. Maybe you could have your staff examine them.

The first one we would like you to consider is to maximize the outflow through existing control mechanisms without the use of unnatural diversions.

Second, that you create a provincial flood insurance plan in co-operation with a private insurance company. There has to be something done in that particular direction. I think the leadership should come from this ministry.

Third, that you provide much more funding for dikes, shoreline protection, flood plain mapping, conservation authority property acquisition and remedial capital work, aside and separate from the Canada-Ontario flood damage reduction program that is extended to 1995.

Fourth, that you implement a tax credit system in addition to other direct funding assistance to compensate for real damage and diminished land values.

Any one or a combination of those would be very effective in the next election campaign—I just leave that with you—if you want to retain your seat.

Hon. Mr. Kerrio: All that water goes by the falls.

Mr. Bernier: I want to touch briefly on an issue that is near and dear to my heart. I am pleased that the very able director of firefighting for Ontario is here, John Goodman, who was trained in the Sioux Lookout area under my big arm.

Hon. Mr. Kerrio: And I am reaping the benefits.

Mr. Bernier: It is a public concern, as I am sure you and your staff are very much aware. It has caused a lot of talk in the street. It has caused people to criticize the ministry extensively on the way it handled that particular fire.

I have examined the report very carefully. When you think that 612 square kilometres in the Red Lake area were burned, that is \$6.4 million in ministry funding that was used for one fire. It burned out of control for approximately two weeks and destroyed \$7.5-million worth of timber. Of that timber, about \$98,000 worth had already been cut and was waiting for delivery. I think we assisted with new cutting areas. Approximately \$60,000 in boom damage was caused. Luckily, no one was hurt; of course, we are pleased about that.

1150

The Red Lake number seven fire burned nearly a full half of the 1,455 square kilometres destroyed by approximately 1,080 other fires in 1985—all this within the first year of your tenure. There were about 700 firefighters at the time working on the fire, at a cost of about \$1 million, not including the \$500,000 we spent for water bombers. We spent something like \$360,000 to rent and to contract others from other parts of Canada, mainly in Manitoba. You spent about \$2 million on helicopters. I guess at one point you were responsible for as many as 27 aircraft working on the fire itself.

We have the Red Lake fire report, and a lot of questions are being asked. I do not know if they have been answered totally in that particular report. I guess one thing came through to me—I say this with sincerity and concern—in the approach of examination of that particular fire; and I have to say to you that I have always admired the firefighting capabilities of this province. In fact, when you think that we are giving advice to such far away places as China

and other countries, it is simply a fact that we are the leaders.

I was disappointed with fire number seven. The question of the cause of the fire is still up in the air, because they thought it was caused by even a member of your staff driving an all-terrain vehicle and that the exhaust had overheated and caused that particular fire. One thing I am critical of in the ministry is its—I do not know if it is a lack of immediate concern. The public tells me that when this fire broke out, there was a lackadaisical, business-as-usual attitude in the Ministry of Natural Resources at Red Lake; it was not an all-out war. It was not, "Get up there and lambaste the fire in the initial stages." It got ahead of them. They did not move as quickly as they should have.

I think I can say this for other fires in northern Ontario, particularly the one north of Ignace a few years ago, which I was personally involved in. The ministry did not move as quickly as it should have. As any firefighter will tell you, it is the first pail of water that really means the most, and I think that is one area the ministry has to be criticized for.

Hon. Mr. Kerrio: I would just like to share one experience I had right on the job that points up that sometimes the public perception is not quite in keeping with the facts. Some of our major water bombers were sitting at the airport while the fire was on; there had been a declaration that we were just trying to control it and keep the other water bombers at readiness to go out and deal with new starts.

So while there were those who said, "Your water bombers are sitting there doing nothing," the fact of the matter was that the water bombers were put in position because we dealt with just literally hundreds—in fact, up to a thousand or more—new starts, and that water bomber had to be there when the bird dog was out there, located the fire and brought the water bomber in to put out those new starts.

So there was in that case specifically a gross misunderstanding of why that water bomber was at the station. Those things can create a public perception that, in fact, is something that is not quite in keeping with the initiatives of our people fighting the fire.

I threw the fire line at Red 7. We had developed a fire to the extent that the vertical convection currents were creating their own weather and there were starts by lightning that was created within the weather that was created by the fire itself, so those bombers were at the ready. In fact, it unfolded right before our eyes

where there was a lightning strike and a fire started. The bird dog was on the job, and the bomber came right in and put it out while we were right there on the site. I guess what you have said, in a sense, is that sometimes public perception is an important part of what we do.

Mr. Bernier: The public perception is that in 1985-86 we have new, modern technology. Weather reporting is very intricate and very comprehensive. We have more aircraft. You have nine CL-215s.

Hon. Mr. Kerrio: Sophisticated enough nearly to predict where fires might start. All of that being said, they were stretched pretty thin and pressed to fight fires and keep public perception at a place where they could really be aware of what was going on, but we will come back with what—

Mr. Bernier: But the public sees that aircraft sitting in the airport in Red Lake—

Hon. Mr. Kerrio: That is right; no question.

Mr. Bernier: —or taking that aircraft and moving it to Dryden for red alert. Try to explain that to them. You just cannot explain that. I do not know what the theory is behind it—

Hon. Mr. Kerrio: We have other fires starting.

Mr. Bernier: But there was a fire raging and the airplane is going in the other direction.

The lack of spare parts for airplanes, I understand, is a problem; and a lack of extra pilots, because pilots in those aircraft had worked a full-time schedule.

Hon. Mr. Kerrio: We had mechanical problems show up in the new aircraft that had never been considered. Our water bombers had the doors that close over the front wheel lose their stocks. We had water bombers at the height of the fire out of commission, and we had to get those repaired. That is another reason the water bombers were sitting on the runway.

Mr. Bernier: You have to realize that in northern Ontario everybody is an expert on firefighting.

Hon. Mr. Kerrio: Oh, yes.

Mr. Bernier: They all have their opinions; there is no question about that. They criticize the ministry because they do not have nighttime firefighting capabilities.

One thing that does come through in the report loud and clear before we come to the plane is that there is no real incentive in any of the thrusts by the ministry to put the fire out. You get

equipment operators who are running out of equipment. There is no incentive for them to put that fire out, because that helicopter has got to work; they need to make those payments. They have to keep it there for the next three or four weeks.

The young guys you get on the firefighting crews, do you know what they say when a fire starts? "We have a job for the next three weeks." That attitude has got to change. There has got to be an incentive.

I notice that the ministry is going to compensate the public more for reporting fires—a little incentive. I do not know how you are going to do it, if it is a fund or what it is. There is some talk about that. But there has got to be some incentive to those people on the fire to get the fire out and not to look at it as a job for the next three or four weeks because they are guaranteed payment, and a little bit of stability sets in because there is a fire. That is an attitudinal change that has to come down from the top, from your level down.

Mr. Chairman: Talking about changing attitudes, I think it might be an appropriate time to adjourn for the morning. I understand that the two critics have a problem for a while this afternoon, so unless somebody has a strong objection, we will start at four o'clock this afternoon.

Mr. Bernier: This will wind up my comments, and then I will be glad to turn it over to the member for Nickel Belt (Mr. Laughren).

Mr. Chairman: You have now completed the first two hours.

Hon. Mr. Kerrio: Just before you adjourn, Mr. Chairman—

Mr. Chairman: You cannot keep us out of the House—

Hon. Mr. Kerrio: I would just like to thank the critic and give you an undertaking that we will take into account the questions that have remained unanswered, and after the other critic puts his position we shall come forward with the answers.

Mr. Chairman: See you at four o'clock.

Mr. Laughren: Because it is the first morning, could I just welcome the staff of MNR, many of whom have never seen estimates debates go on? I would like to welcome them.

Hon. Mr. Kerrio: I hope you will take advantage.

The committee recessed at 11:59 a.m.

ERRATUM

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 Fontaine, R. (Cochrane North L)
 Laughren, F. (Nickel Belt NDP)
 McCague, G. R., Chairman (Dufferin-Simcoe PC)

Witnesses:**From the Ministry of Natural Resources:**

Kerrio, Hon. V. G., Minister of Natural Resources and Minister of Energy (Niagara Falls L)
 Mogford, M., Deputy Minister



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Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Natural Resources

Second Session, 33rd Parliament
Thursday, January 22, 1987
Afternoon Sitting



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday, January 22, 1987

The committee resumed at 4:44 p.m. in room 228.

ESTIMATES, MINISTRY OF
NATURAL RESOURCES
(continued)

On vote 2301, ministry administration program:

Mr. Chairman: Is everybody ready to go?

When we adjourned at noon, we were on vote 2301. I understand that Mr. Bernier had finished his remarks and that next on the list is Mr. Laughren.

Mr. Laughren: Thank you, Mr. Chairman. I am pleased to be still my party's critic for the Ministry of Natural Resources, for which I have some affection—the ministry and its jurisdiction, not the minister. I would not want to encumber him with my affection.

There are some things that do need to be discussed, and I know I will find my notes in a minute. First of all, there are some things that the minister said with which I agree, including his kind comments about his staff. The Ministry of Natural Resources does have good staff across the province and I find them co-operative in the area I represent: the Chapleau people and the Sudbury people, basically, and the Gogama district as well.

I am nervous about the Gogama district since there is not a full-time district manager in Gogama any more. It is now run from Timmins, which makes me a little bit nervous, because I saw what happened to another little community called Foleyet when the Ministry of Natural Resources walked away from it. I am hoping and I have assurances that will not happen, but it still makes people there nervous that it might happen.

I would like to talk about a number of issues, although I think I will have no trouble at all finishing this afternoon. I would like to talk a bit about forestry, including the softwood lumber situation, including the whole question of spraying and Dean Baskerville's report, and I would like to talk a little about parks.

I was disappointed in the minister's comments on parks because he really skipped over a major issue on them, one I raised in the Legislature the other day. I do not know why he did that, but anyway, he did.

I will proceed. First, dealing with forestry, I am still concerned that we do not have real numbers. I have had correspondence with the minister surrounding the forest management agreement five-year review. I was interested to hear him say the next series of FMAs will be released soon. By that, do you mean weeks, months?

Hon. Mr. Kerrio: We have three, I think, coming up.

Ms. Mogford: We have three to be released within a couple of months.

Mr. Laughren: But that does not replace the necessity for some province-wide numbers that deal with regeneration and the whole category of free-to-grow. It is a category the minister, in a letter to me, placed some concentration on. I agree with him that free-to-grow is an important designation.

Despite my perhaps caustic remarks about the appointment of a provincial forester, my remarks were not meant to be denigrating to Mr. Armson. It was the process I was talking about being a shell game, not Mr. Armson himself, even though I did call him a pea. I meant it was the process that made him that way, not the way he is.

Hon. Mr. Kerrio: That has to be some consolation.

Mr. Laughren: I am sure Mr. Armson feels much better about that.

I have talked long and often about the need for an ongoing audit agency, but I did not want the minister to think it is just a personal soapbox. When I read material from the Royal Commission on the Northern Environment, the Provincial Auditor or Dean Baskerville, they all say there are problems out there with the count. The minister's fact sheet on the forest resources inventory does not make me feel any more comforted by what is going on out there, because I think the minister knows that the FRIs are done on a 20-year cycle. Once every 20 years, a section of the province is resurveyed. That is hardly what most of us would call an ongoing audit.

I am sure the minister knows my views on this. There should be an ongoing audit, not just in the traditional way of counting trees but also to do

with the private woodlots. I think there needs to be an ongoing audit there.

As well, there needs to be a way in which the language of forestry is put in layperson's terms and the public brought into a discussion in a language that is not foreign to them, because forestry is a science and scientific language is not easy for the public at large. I think that has been a failing of the professional foresters in the province, not making the public part of the debate by using language that is understandable to everybody, and I think that needs to be done.

Going back to the numbers, I would still like to have a breakdown in the province of what the stocking levels are and what is free-to-grow. I know there is a distinction between those two terms. I can remember asking one time for stocking levels by licensed area. I believe I was told I could not get it because it was confidential, which is the term that was used. I do not understand that on a public resource, which is trees. I never understood that argument at all.

It was confidential by licensed areas. I think that makes no sense whatsoever and that we should have access to stocking levels by licensed areas, and if you want to do the free-to-grow assessment as well that is so much the better. I am still not that happy with that.

1650

I think Dean Baskerville did us a service in his report. There did need to be an audit of the way the Ministry of Natural Resources monitored our forests. I mean it when I say I think he did us a service.

I would be interested in getting from the minister at the appropriate time in these estimates an update on the action plan that has been put in place by the ministry. When I look at the action plan, a lot is to happen in the next year or so.

Hon. Mr. Kerrio: You have not got into specifics yet and I just want to make one quick comment. On that information, it has been brought to my attention that it is not confidential. I will bring it forward.

Mr. Laughren: I can bring up the correspondence, if you like.

Hon. Mr. Kerrio: Will you do that?

Mr. Laughren: Yes.

Hon. Mr. Kerrio: Please do. We will certainly address ourselves to that question.

Mr. Laughren: Dealing with the action plan on forest management that flowed from Dean Baskerville's report, there are a number of dates. It is going to be a busy year and a half for the ministry if all these are met.

For example: modifying the Ontario wood supply model, December 1987; timber volumes for areas of the existing forest, December 1987; a survey of the new, regenerated forests, December 1988; the question of forest stand allocation for utilization, July 1987; a new forest production policy, which I am most anxious to see—the old production policy is about 15 years old now; I could be out a year or two, but it is fairly old—completed by October 1988; a study of the economic condition of Ontario's forest industry, September 1987; new criteria for the responsibility, accountability, etc., of ministry foresters, within the next 12 months—that means some time in 1987; accountability for forest management units being the responsibility of a full-time unit forester, with which I agree, the beginning of 1988.

There is a lot of work to be done in an administrative and reorganizational sense within the ministry, so it is going to be a busy year or so getting things changed. I have no problem with those.

Hon. Mr. Kerrio: It is very ambitious, but we are convinced we can meet those targets.

Mr. Laughren: I want to talk briefly about the softwood lumber tax. There has been a lot said on it already. It really is a shambles, it seems to me. I think there needs to be a little realism shed on it, though, in two areas. One is the level of stumpage fees. We are not supposed to say this in Ontario; we are not supposed to admit that our stumpage fees are enormously lower than they are in the United States, but we know they are. I know they are higher than in British Columbia. New Brunswick has the highest.

Hon. Mr. Kerrio: New Brunswick has the highest and much of its forest is on private land.

Mr. Laughren: Right. The Americans have a bidding system for their stumpage fees. Nevertheless, our stumpage fees, relative to theirs, are low.

Also, this government can get pretty sanctimonious at times when it talks about its role in the softwood lumber tax issue, as though it had not originally agreed to the 10 per cent tax the federal government was talking about.

Hon. Mr. Kerrio: I cannot make a minor interjection. That one will have to wait.

Mr. Laughren: Why will it have to wait?

Hon. Mr. Kerrio: I mean my response to that comment.

Mr. Laughren: Yes, it should wait. You did agree to a signal that the stumpage fees were too low. I think that would have impaired a legal

struggle if you had resisted the next stage; namely, the negotiated settlement agreed to by the federal government. The hands of this government are not totally clean on this issue, even though I know you would like to give the impression that they are and that the only villains in the piece are the federal government negotiators, not the province.

The other point is that even if your hands were totally clean and you had not given that 10 per cent signal to the Americans that the stumpage fees were too low, the Premier (Mr. Peterson) certainly got out-muscled and out-hustled in British Columbia by Mr. Vander Zalm. Mr. Vander Zalm got his way; Premier Peterson did not get his.

Mr. Fontaine: Mulroney's way.

Mr. Laughren: That is right: Mulroney's way and Vander Zalm's way. I always thought the Premier of Ontario would have at least as much clout when it came to international negotiations as the Premier of British Columbia. In this case, he did not: he was not able to have his view prevail.

Hon. Mr. Kerrio: There is a very good reason. When you take into account that BC exports about 75 per cent or more of the softwood lumber out of the country and that it has a single resource it depends on, I suppose you might say it has more clout with the federal government. The fact of the matter is we made a very good case and we had everyone on side for the longest time.

Mr. Laughren: I understand that.

Hon. Mr. Kerrio: I am not going to interrupt you. We will leave it at that.

Mr. Laughren: No; just when you disagree with me you interrupt me, but I do not mind that.

The point is that we did not get what we viewed as best for Ontario in those negotiations even though we sent our first minister there to bargain on our behalf. He came away empty-handed and angry—right?—as he should have been. He did not win the battle. He was out-deked by Mr. Vander Zalm and Mr. Mulroney.

I know it is very popular to wrap oneself in the flag on issues, but I really do believe our sovereignty has been challenged, and not just in a vague kind of way. When we are talking about regional development it has been challenged there. It has been challenged in terms of taxation and employment creation. Basically, economic policy has been challenged.

Hon. Mr. Kerrio: There is a real intrusion on our sovereignty, no question.

Mr. Laughren: That is right. That is something that should be of concern, not just to people who are concerned about softwood lumber; we all should be concerned about that.

I worry, too, about imports from British Columbia now, if its market is substantially affected in the United States. Quebec is—

Hon. Mr. Kerrio: It is obvious that if the Quebec producers are faced with a 15 per cent export tax and they have a market in New Brunswick, our people from down east are very concerned about that impact, as we should be from other areas.

Mr. Laughren: I am glad you interrupt me even when we agree.

Is it inevitable that the tax will be uniform? Is the die cast on this 15 per cent? If I were a Maritimer and had higher stumpage fees than in British Columbia or Ontario, I would feel it was not appropriate that we should all have the 15 per cent imposed upon us when my stumpage fees were higher than Ontario or British Columbia? If I were in Ontario—as I am—I would say, "Why are you clobbering us the same way you are clobbering BC when its stumpage fees are lower than ours?"

Hon. Mr. Kerrio: You have made a very good point. I do not think I am violating any confidence when I tell you we struck a task force to deal with the whole process. Also, the forest ministers are going to provide the role of how we might properly put into place the alternatives in the form of stumpage or other charges.

You also make a comment that a very distinct problem exists interprovincially with regard to how much stumpage should be charged in each province. It appears that if fairness is to prevail, that if you need your exporter, who also happens to be one of the major sort of low-stumpage provinces which will be bringing its stumpage in line, if we do it properly Ontario may be faced with considerably less than 15 per cent.

That is what we are examining right now. There is a high stumpage and a high concern in the New Brunswick ministry; and at the other end of the scale I think is BC, in all probability. One of the reasons the whole countervail was brought to bear was that that province was flooding the US market and probably had the lowest stumpage rates.

1700

We are examining all those issues. It is a very difficult one. We in Ontario feel strongly that the 15 per cent should stay on until we have a good chance to investigate really how much we are

talking about, how much should be collected from the various provinces and how the whole thing should be put into place fairly. It is going to be a very difficult exercise, but we are going to play a major role. I think we are going down to Montreal as early as Monday to have a meeting on this. It is coincidental with our starting a very important public awareness program about the viability and the value of our forest to Canadians. It is a shame this had to coincide with a very important involvement.

You are very accurate when you are describing this whole problem that lies before us. We will certainly be doing what we can to protect the interests of our people, particularly in northern Ontario.

Mr. Fontaine: What about the treated lumber, the finger jointing and all this? Is it all covered in this? As you know, we started with two-by-fours and two-by-sixes. That was a problem. To date, is it all the wood in Ontario?

Hon. Mr. Kerrio: No; it is softwood.

Mr. Fontaine: Yes, softwood, but finger jointing—

Hon. Mr. Kerrio: I would say lumber.

Mr. Fontaine: Treated?

Hon. Mr. Kerrio: I would think every kind of lumber. The tax would be on the lumber as it comes from the mill and not on value added. Ken Armson might be able to share that with us. Mr. Armson, would you have some comments to make on that?

Mr. Armson: The memorandum of agreement reads that the 15 per cent will be imposed on the sale price at what is termed the final mill, but the final mill does not include the reprocessing. That is set aside. It is really very similar to what Canada wanted in the agreement, and that was the first mill. It is essentially the manufactured lumber less reprocessing that the charge would be on.

Hon. Mr. Kerrio: I guess the member is asking, would that include treated lumber?

Mr. Fontaine: A finger joint?

Mr. Armson: That is right; that is correct. It would include that, but it would not include the value added by the remanufacturer.

Mr. Laughren: I want to move to a subject that is close to my heart, and I am glad the member for Kenora (Mr. Bernier) is here. That has to do with the spraying of our forests.

Hon. Mr. Kerrio: Could I just stand back and let the two of you go at this one?

Mr. Laughren: No. You are part of the problem.

Hon. Mr. Kerrio: Oh.

Mr. Bernier: Leave the politicians out of it, I told you.

Mr. Laughren: You are part of the problem. As a matter of fact, I would be quite happy to stand back and let the scientists determine on the sanity of chemical spraying in our forests, but that is not the way our democratic system works. The politicians have to make the decisions.

I am glad Mr. Fontaine is here as well. He is one of my biggest supporters; not financially.

Mr. Bernier: You are outnumbered already.

Mr. Laughren: I am outnumbered on this committee, particularly given the number of ministry officials here. I understand that.

Hon. Mr. Kerrio: We have to make up for past years, Floyd.

Mr. Laughren: Yes, that is right.

Mr. Bernier: Why do you not save your breath?

Mr. Laughren: It was for a lot of years.

Hon. Mr. Kerrio: You are going to hear from them all.

Mr. Laughren: Yes. I believe it has now been two years since there were any chemicals sprayed in Ontario. The previous government, when Mr. Harris was the minister, determined in 1985 not to use any chemicals. Last year, with this minister, the decision was again made, with the support of the Conservative caucus, not to spray with chemicals. I recall that quite clearly. I do not know why we do not put it to rest.

Interjection.

Mr. Laughren: It is true. I have read the minister's release, which said—

Mr. Bernier: That was a political release.

Mr. Laughren: I do not know what you are talking about.

Mr. Bernier: Strictly a political release.

Hon. Mr. Kerrio: Perish the thought that we would have political releases.

Mr. Bernier: Running for cover.

Mr. Laughren: Perhaps I should read something into the record. I do not want the member for Kenora to—

Mr. Bernier: That is a New Democratic Party release?

Mr. Laughren: —be left with the impression that I made this up. This is the headline from the

Progressive Conservative News Release Communiqué.

Hon. Mr. Kerrio: "Mike Harris expressed pleasure today—"

Mr. Laughren: Ontario Progressive Conservative caucus, February 12, 1986. The headline is "Government Capitulates on Chemical Spraying." At that point, you do not know whether it is good or bad. Right? The government capitulated.

"Natural Resources critic Mike Harris expressed pleasure today that the government has capitulated to opposition pressure and agreed to follow the policy established last year by the Progressive Conservative government of using only biological sprays to combat insect infestations in Ontario forests."

I will not read the entire release, other than to say that towards the end of it is the following:

"Harris, environmental critic Susan Fish and caucus members from the east and north repeatedly insisted that the minister change his stance and follow the policy established by the Progressive Conservative government last year.

"Harris said that 'it became clear we'd been successful after our House leader Dennis Timbrell notified government House leader Robert Nixon that the Progressive Conservatives would not permit adjournment of the House without a commitment that there would be no chemical spraying.'"

I give the Conservative caucus credit where credit is due; we always give the devil his due. They deserve credit for that, and I am prepared to give it to them at every opportunity.

Mr. Bernier: You are so generous.

Mr. Laughren: What I do not understand is why the minister, given that there is support from the Conservative caucus, the NDP caucus, his own Minister of the Environment at least, and I think some others, will not come out and make a categorical statement that the era of chemical spraying is over in Ontario; as it is in Quebec, which is a big forestry province. The minister will not say that, and I think that is unfortunate.

I was reading through the Professional Forester. I want you to know I read that publication diligently.

Mr. G. I. Miller: You have to keep your options open.

Mr. Laughren: There was a letter to the editor back in November 1986. It was the president's message, writing to the Minister of Natural Resources in defence of pesticides. I am not implying that everybody in Ontario thinks there

should be no chemicals; there is the odd person or group that believes we should still use chemicals. Here is one letter.

Hon. Mr. Kerrio: You should see them in the peach and apple orchards in Niagara Falls, where they spray the apples you eat 15 times.

Mr. Laughren: In what?

Hon. Mr. Kerrio: The apples you eat have been sprayed 10 or 12 times.

Interjection.

Mr. Laughren: That does not make me happy either, Mr. McGuigan.

Hon. Mr. Kerrio: He is saving himself.

Mr. Laughren: Here is a letter to the Professional Forester. It is very short, Mr. Chairman, if you will allow me to read it.

Mr. Chairman: Sure, go ahead. I have no objection.

Mr. Laughren: "Thank you for your letter of April 14, 1986, in your capacity as president of the Ontario Professional Foresters Association, on the topic of pesticides." Is the minister listening to this?

"Allow me to ensure that you are quite clear of the fact that my decision relative to the use of chemical" insecticides—I do not want to pursue that—"insecticides applies specifically to aerial spraying, and specifically to 1986.

"We are in essential agreement on most points raised in your letter—especially the importance of maintaining as broad an array as possible of responsible pest control options and tools.

"Yours sincerely, Vincent G. Kerrio, minister."

One minute you make a point we are stopping the chemical spraying in 1986; next thing you are writing to the Professional Forester and hedging your commitment, saying, "All we are talking about is 1986 and all we are talking about is aerial spraying." You start the debate about chemical spraying in Ontario all over again.

What surprises me so much is that you would do this, given the success of the bacillus thuringiensis program. I know you get some pressure from those people who have your good ear. I know, because I read stories in the Globe and Mail that say: "'Chemical pesticides should be employed,' forestry official says." It is not the president of a forestry company who says that. I could understand that. Guess who said it?

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Hon. Mr. Kerrio: I know who said it.

Mr. Laughren: I quote: "'Government and others who refuse to use chemical insecticides

and weed killers in their forests are behaving irresponsibly,' a senior government forester says.'" A government forester, yet. "Commercial forests must be protected from insects and competing vegetation and 'denying the reasonable use of chemicals to do this is to abdicate responsibility' for the forest, according to Ken Armson, who was then executive co-ordinator of forest resources for Ontario." Since then he has got a promotion. So what bothers me is that I do not think it is appropriate for Ontario's chief forester—I did not say "cheap," did I? He does not come cheap—chief forester to be accusing the minister of being irresponsible.

I hope you have worked this out with Mr. Armson. I hope you have had a chat about this accusation that you are irresponsible, since you are the one who laid down the law that there be no chemicals. I agree with you. I do not mind Mr. Armson calling me irresponsible, but if I were his boss, I would be very upset if he called me irresponsible.

The Globe and Mail would not lie, so that I know that the minister is under some pressure from the industry and from senior officials to use chemicals. I understand that. Now you are using the argument that you are under pressure from the federal government to do some experimental chemical spraying. I hear what you are saying, but I will tell you, even though your officials are telling you this, the forestry industry is telling you this and the federal government would like you to use chemicals, I think you are wrong. The long-term threat to the environment is more important than the short-term convenience of killing the budworms.

I quoted to you in the Legislature one day from several sources that influenced me as to why we should not use chemicals. First, you would agree, I think, that when chemicals descend upon the forest from an aerial spray program, they kill things with which they come into contact—other insects—and have an effect on birds, streams and lakes. When Bt descends upon the forest from an aerial spray program, it affects only the budworms, because they must ingest it in order to be killed, whereas the chemical kills by contact. That is an enormous difference in the effect of the two spray programs: one kills on contact, the other must be ingested when the target pests eat the leaves.

David Suzuki said that doing it with chemicals is like trying to solve the crime problem in New York by killing all New Yorkers. That is an extreme example, but at the same time he makes the point that you do not kill only the budworm

when you use chemicals. When you use Bt, that is all you kill. It seems to me that this is a very significant difference in the application of the two kinds of spraying.

Hon. Mr. Kerrio: We cannot leave it at that, something has to be said at this juncture. This is taking it a little bit out of the realm of reality, because we were not talking 100 per cent chemical spray.

Mr. Laughren: No, but you were—

Hon. Mr. Kerrio: We are talking 94 per cent or 96 per cent minimal chemicals in hot spots. If you recall, the budworm infestation in eastern Ontario, which could have been knocked out had it had a very minimal chemical spray of a couple of thousand acres at the time when the people lay on the runway so we would not do it, has now developed into a 500,000-acre infestation. This is why I have to bring you up short. We were not talking about spraying all of northern Ontario with chemicals. We were talking about the same thing a doctor does when he sometimes has to have in his bag some strong medicine that he uses with discretion and very seldom. We were talking about the same thing in killing infestation, maybe where there was a hot spot, that would save us from spraying any kind of spray in any kind of magnitude.

I think the other thing that needs to be said is that we undertook to put in a \$30-million program, which is a considerable amount of money. That had never been done before, so I think that has to be taken into account while you talk about chemical spraying. We never had the intention of covering the province with chemical spray. That has to be said.

Mr. Laughren: I agree. I have never denied that; that was their intention; but I would remind you, if you would cast your mind back 35 years ago this year, New Brunswick started its spray program on, I believe, 200,000 acres, and 25 years later it was spraying almost 10 million acres with chemicals for a couple of reasons. The chemical builds a better budworm, through Darwinian theory, I guess; and also, it kills the predators of the budworm. I think it is a loser's game, the chemicals; even in terms of preventing the budworm infestations from returning, I think it is a loser's game using chemicals, and I do not think that Bt is.

Obviously, neither you nor I are scientists, but I am telling you—

Hon. Mr. Kerrio: The other thing about the request by the federal government to do some research in this field is not to alter our program.

That has to be understood. Their request is to do some research—

Mr. Laughren: On our trees.

Hon. Mr. Kerrio: Across Canada, wherever that program might be undertaken.

Mr. Laughren: We are talking about our trees.

Hon. Mr. Kerrio: It has to do not just with using chemicals but also with some real, meaningful research on various spraying and how it interacts on the birds and animals and all those other things. When you look back 25 years, we were using chemicals then that were quite dangerous and did not go through the rigorous sort of federal government research that is done now. I think there is a great deal of difference in the chemicals used now.

Mr. Laughren: No, I disagree with you. I think there is virtually no difference. The people who use the chemicals will always tell us we are more rigorous and more careful now than we were, and we have been saying this for 50 years. I do not just mean in spraying a forest.

Hon. Mr. Kerrio: The experts are not in the forestry field in chemicals; the experts are in agriculture.

Mr. Laughren: Yes, that is right. That is something else to—

Mr. McGuigan: When DDT was brought out, there was absolutely no research at all.

Mr. Laughren: No, but we were assured, were we not, that it was okay?

Mr. McGuigan: We were not assured; we assumed. I will tell you a little story. The first really bad case they had was on a tobacco farm down in Carolina or Georgia—

Mr. Chairman: Excuse me, Jim. Move a little ahead, please.

Mr. McGuigan: The first really bad case was on a tobacco farm down in the southern states. They had this crew of men out spraying the tobacco with little knapsack sprayers on their backs. They did not come up at quitting time at six o'clock. They sent somebody back to find out, and they were all dead. They were using one of the phosphate poisons.

Mr. Laughren: See? I have an ally.

Mr. McGuigan: What I am saying is that this was very early in the program when we had moved from lead arsenates, sulphur, copper—and those materials had not affected anybody, at least as far as anybody knew, they had not affected anybody—into the organics. You assumed it was not going to bother anybody. In some of the early

days it was absolutely disgraceful, but since that time we have learned our lesson.

Mr. Laughren: I guess that is where you and I differ. I do not think we have learned our lesson since those days.

Mr. McGuigan: I am not arguing for indiscriminate use of chemicals either.

Mr. Laughren: No; but you see, to me, if the federal government wants to do some experimenting, let it do it in a laboratory.

Mr. Fontaine: Do you mean that? In the Sault they think that is okay.

Mr. Laughren: I do not care what they said in the Sault.

Mr. Fontaine: That has been there since 1950. There must be something in that. They spent \$15 million there to build one of the best labs in Canada. I was there.

Mr. Laughren: Right. Then let them use it.

Mr. Fontaine: They said that. They tell me it is okay. I asked that question. They have little birds and everything in the room is dead close to that. I said, "They do not die?" I told them, "Floyd tells me everything dies." That is what I told them. They said no.

You told me that on the plane. I was there about a week after; remember? I asked the same question. I do not know what to believe.

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Mr. Laughren: When in doubt, believe me.

Mr. Fontaine: Who is this Suzuki?

Mr. Laughren: David Suzuki.

Mr. Fontaine: From Toronto?

Mr. Laughren: No, he is from—where does he live? He is a Canadian scientist and writer.

Mr. Bernier: A lecturer on CBC.

Mr. Laughren: I believe very strongly that the minister should put out the signals that if we are not doing chemical spraying here, we do not want the federal government doing so either. We should put that era behind us. We do not need the chemicals. I agree the chemicals are probably more effective in, bang, killing those budworms as they hit. They are cheaper, but I gather the cost differences are narrow between the chemical sprays and the Bt. I think you should make it unequivocal, make it so it is no longer a debate.

You put yourself and Mr. Bernier through the wringer every year with that issue. I do not like to see that caucus torn asunder from within because you will not make up your mind that there is to be no more chemical spraying in Ontario. I do not

want to have Mr. Fontaine yelling at you every year either.

Hon. Mr. Kerrio: You have two proponents here for this.

Mr. Laughren: I know.

Hon. Mr. Kerrio: What did John say? John Lane said, "I think it is time we looked at various chemicals. You have to protect our forests." Susan Fish said, "Sevin is appalling, damaging and serious to your health." Jim Gordon said, "The minister is prepared to drop chemicals on the people who live in the north."

Mr. Bernier: That is why we need some leadership and backbone in your party. You are in the seat of power. I know all those statements.

Hon. Mr. Kerrio: I get such confused signals.

Mr. Bernier: You are in the seat of power. You do not have to lay the blame on anybody else.

Hon. Mr. Kerrio: You have to agree that makes it rough.

Mr. Bernier: You are in charge of all forests. Make the right decision.

Mr. Laughren: I agree, but I think you should stop teasing the king in exile. Leave him alone.

Hon. Mr. Kerrio: Susan appears to be honest about this, in her own way.

Mr. Bernier: Susan lives in Metropolitan Toronto.

Mr. McGuigan: I remember Susan Fish getting up and saying about Sevin that you were using material in the north that was banned in the south.

Hon. Mr. Kerrio: That is right.

Mr. McGuigan: I have been away from it for three or four years, so I went and checked to see what she was talking about in terms of it being banned in the south. I checked the labels too. There is a warning on Sevin not to use it around bees. It is very destructive of bees. It is one of the safest chemicals we have as far as warm-blooded animals are concerned. There is a number LD-50 that is one of the safest numbers of LDs. A lethal dose is 50 per cent. I do not know what that number is, but it is one of the safest that is used among chemicals.

She was saying it is banned in the south and you are using it in the north. All it has on it are restrictions for bees, so I asked the forestry people, "Is there an apiary or honey industry in the north?" Maybe there are bees up there. The answer I got was, "No." Then I asked, "Do the bees play any part in pollination of the wild

flowers in the north?" They said not that they knew of. Somebody else may dispute this, but the answer I got for blueberries was that the blackfly pollinates the blueberries. There is supposed to be some use for every creature on earth.

Mr. Laughren: I have certainly never noticed blueberries without blackflies.

Mr. McGuigan: Sevin is the safest material we can deal with in the agricultural field.

Mr. Bernier: He is going to rest his case.

Mr. Laughren: Yes, I will stop talking about chemicals because there is a gang-up in this committee.

Hon. Mr. Kerrio: Mr. Laughren, do you realize that in this forum it is four to one out there? I am just kind of standing back here and taking things into account. You had better call Susan in.

Mr. Laughren: I know people involved in the industry like the chemicals better, because as I said, they are cheaper and have a direct hit; it is immediate. But even in the long run, I do not think it is the best policy. You know where I stand. I think you are putting yourself through a lot of needless hassle every year by keeping the door open a bit on the chemical-spraying issue. You might incur the wrath of people, but you have the worst of both worlds politically the way it is now. You have the people who want chemicals mad at you because you will not allow them to use them and you have the environmentalists mad at you because you will not close the door on chemicals. Why you persist in maintaining the worst of all possible worlds politically is beyond my comprehension.

Hon. Mr. Kerrio: It might be that I am motivated by trying to do the right thing for the forests of Ontario.

Mr. Laughren: You have to cut bait.

Mr. Bernier: Fish or cut bait.

Mr. Laughren: Fish or cut bait. That is what Mr. Bernier would say.

Hon. Mr. Kerrio: How can Mr. Bernier and you agree on this one when you are in—

Mr. Laughren: We agree that you have a responsibility.

Hon. Mr. Kerrio: Yes, but you just made a point, suggesting I should make a decision, and you are talking to the man who is diametrically opposed on what decision should come down. Do tell me what decision I should make between you and you.

Mr. Chairman: The minister may have some confusion. It was very clear to me what they were telling you, so maybe you can continue, Mr. Laughren.

Mr. Laughren: Was it clear?

Mr. Chairman: It was very clear.

Mr. Laughren: Thank you. I will leave the spraying issue for the moment at least.

I would like to spend a few minutes on another issue that is dear to my heart, and that is parks. The minister knows that when he became minister he inherited a number of policies that I think were confusing and gave mixed messages. The one good thing Alan Pope did when he was minister was that he created 155 new parks; I think six of them were wilderness parks. I applauded him for that. Mind you, that was a big comedown from the original number of parks that was to be created, but nevertheless, 155 is a substantial number of new parks.

The minister inherited that, but since then he has not done very much. If I can be blunt with him, when I asked him in the Legislature on Tuesday, two days ago, what was happening with the designation of 51 parks the CBC says are missing and why he had not designated those parks, he gave me an answer that can best be described as silly. He started ranting about the Bruce Peninsula National Park which has nothing to do with what we were asking.

Hon. Mr. Kerrio: No, you have it out of context now. I started by saying that when I inherited this there seemed to be a consensus, but when the new government took over the parties that had agreed on the consensus kind of thought this new time might be the time to change it. That is what I said. You have what one might call a convenient memory. Then, when I was talking about the other park, the national park, I was showing you that I was convinced there should be a place for a park that had just a national use and where there was no multiple use. That is the message. It escaped you.

Mr. Laughren: The fact there are different opinions on what should go on in our parks is no excuse for you not to make any decision. Outside experts cannot make all the decisions for you.

Hon. Mr. Kerrio: No, but the people who pay the taxes in this country can decide they have a right to be there. We should not just declare them to be for one group in society to use. I have to take that into account. Leo, tell them what you think.

Mr. Bernier: I had my say.

Mr. Laughren: That is right.

Hon. Mr. Kerrio: Multiple use: people in northern Ontario want to hear a bit about using the parks for purposes other than going out to look at the flowers.

Mr. Laughren: Nobody is arguing with you.

Hon. Mr. Kerrio: Sure, you are. I know what you want in the park.

Mr. Laughren: Not as much as you do.

The point is that if you are not prepared to make a decision about what goes on in them once you have designated the parks, why do you not do as you did with the privatization issue? Even though you did not like their conclusions, why do you not turn it over to the parks council and say to it: "I am hung up. I cannot make a decision. I cannot satisfy everybody. Would you conduct some hearings and find out park by park what should go on? These are the parks that have been designated. These are the boundaries. They have a legal status now. Tell us what we should do in terms of what goes on—the nonconforming uses of those parks." That is what you should do.

That is why I used the word "courage." I really think you are backing away from a difficult issue. I do not think you should have that luxury. It is your job to determine what should go on in those parks. You cannot just let them sit there.

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Hon. Mr. Kerrio: Why?

Mr. Laughren: Because as long as they are just sitting there, anything—

Hon. Mr. Kerrio: They do not go to waste.

Mr. Laughren: No, they do not go to waste.

Hon. Mr. Kerrio: They are not deteriorating.

Mr. Laughren: On the other hand—

Hon. Mr. Kerrio: Until we make a wise decision, we should not make a decision.

Mr. Laughren: Yes, but you cannot just put it off for ever, surely to goodness.

Hon. Mr. Kerrio: Why?

Mr. Laughren: Because you are breaking a promise to the people of Ontario that there are going to be these new parks, that they are going to have boundaries, that they are going to have legal status and that they are going to be protected.

Hon. Mr. Kerrio: No, the major commitment was made when we set them aside. The major commitment was the important—

Mr. Laughren: Not in terms of what goes on within their boundaries.

Hon. Mr. Kerrio: Now we are going to do that. Your recommendation might be an excellent one. I might think about that. I am not arguing with you; I am only telling you we got caught in a circumstance whereby we now have to take another look and have public input to decide. We have two people right in this room who are, again, on opposite sides of how we should use the parks.

Mr. Laughren: Right.

Mr. Bernier: Are you from northern Ontario or not?

Mr. Laughren: I certainly am. I represent a northern community with almost totally a lumbering and mining constituency. You know what my constituency is like. I have no hesitation. I believe I have the support of my constituents, as I have had for 15 years. That is not as long as the member for Kenora, but nevertheless it is 15 years. They support the maintenance of provincial parks with some integrity, not parks that have mining, hydro dams, roads and all sorts of things in them that detract from the integrity of what I, and they, think a park should be.

Hon. Mr. Kerrio: You are not willing to face the realism.

Mr. Laughren: What is that?

Hon. Mr. Kerrio: You say, "Do not put a dam in a park and have the cleanest kind of electricity, developed by hydraulic." You would rather have nuclear or thermal. Is that what you are telling me?

Mr. Laughren: Now you are really getting me mad. I will tell you something.

Hon. Mr. Kerrio: That is what you are saying.

Mr. Laughren: No, you do not understand. If the power is needed and you give me an option of damming up a river or building a nuclear station, I will say, "Dam the river."

Hon. Mr. Kerrio: That is where we are at.

Mr. Laughren: That is exactly what I would do. I cannot think of an example when I would not do that. I got into trouble with some of my environmental friends.

Hon. Mr. Kerrio: Maggie?

Mr. Laughren: No, on the Spanish River. The demand for hydro dropped with the cutbacks and that kind of thing, but I was supporting that because I believe you cannot be for ever contradictory and say, "No nuclear, no hydraulic."

Hon. Mr. Kerrio: But I am faced with those responsibilities.

Mr. Laughren: All right. I made the tough decision, even though you might say it is not the same as a minister's because I am just an opposition member.

Hon. Mr. Kerrio: No, I think that is important. You have to answer to your constituents.

Mr. Laughren: I have to answer to my constituents and the interest groups I deal with. I made the decision, which was tough for me, that I would support the damming up of a river rather than use nuclear energy. That was a tough decision for me as a parks enthusiast, so I do not think your accusation is fair.

Hon. Mr. Kerrio: I suppose it is difficult for us to understand. I come from southern Ontario and am a northerner at heart, and he comes from northern Ontario and is a southerner at heart. He is on the side of all those people who want to tell the northern people what to do.

Mr. Laughren: That is where you are wrong. I am of the view that the northern people—

Hon. Mr. Kerrio: Ask Mr. Bernier. When I go up to the north country—

Mr. Laughren: The northern people want parks as well. They have an enormous pride in those parks in the north.

Hon. Mr. Kerrio: But they want to have the little bit of multiple use they have been used to over the years.

Mr. Laughren: I did not say "no multiple use." I put some effort into a letter I wrote to you back in July. You may recall we had a meeting; you and I and a group of parks enthusiasts.

Hon. Mr. Kerrio: That is right.

Mr. Laughren: We had a meal and a nice meeting about a block from here. We talked about parks, and afterwards you said to me, "Can you put in writing your view of what is acceptable out there in our parks?" I wrote you a letter, and you have provoked me to the point where I think I should read this letter.

Hon. Mr. Kerrio: Do it. You see, I was looking for some comfort in multiple use.

Mr. Laughren: Okay, here it is.

Hon. Mr. Kerrio: The very people we met with had changed their position from the time when they had met with other people and had agreed around the table. It is more difficult—you see, it is easy to let the minister decide but when you get all the people who want to use the park in one room, then they begin to make concessions to each other and we have a reasonable way to decide how we can use parks for everyone.

Mr. Laughren: I was going to read just sections from it, but I might be accused of—

Hon. Mr. Kerrio: Selective reading.

Mr. Laughren: I will read the whole letter to the members of the committee. It is dated July 7.

"Dear Mr. Minister:

"I appreciate the effort you are making to understand the various issues surrounding the planning and regulation of our provincial parks. They are issues which require a careful review. Let me take this opportunity to explain, in some detail, my position and the compromises that environmental and parks groups have been willing to make to resolve the current conflicts.

"The position of park advocates has been straightforward and not very radical. They want the government to plan a park system using the guidelines put forward in the 'blue book' on park planning—a good document designed by your ministry after much consultation."

Did Mr. Monzon not have something to do with that book?

Mr. Burgar: It was before his time.

Mr. Laughren: Who would have been involved? That is okay.

"The blue book is based on the simple principle that parks and crown land are fundamentally different. While crown land should be managed for multi-use, each park was created to fulfil a specific function. As your guidelines state, 'No one park can be all things to all people.' Nor should it try to be.

"The blue book sets out six classifications of parks, each with its own set of goals and objectives. Few of these goals are compatible with the goals of commercial mining, hunting or hydroelectric developments. The fact that park advocates object to these nonconforming activities in areas set aside to be nature reserves or wilderness parks is not unreasonable. Until 1983, MNR objected to these activities in parks as well.

"You have suggested a compromise"—you the minister—"which would see a small core area of each park planned according to the blue book guidelines, while permitting nonconforming activities in buffer zones surrounding the core area. This is a compromise that the park advocates have already made"—because of the reduction in size of the parks.

"As you probably know, the original government proposal was to create 245 parks covering 50,000 square kilometres. Forestry, mining and hunting interest groups were upset at the amount of land being reserved for parks and launched a vigorous campaign. Due to their efforts, 60 per

cent of the proposed park land, virtually all land with mining or forestry potential, was returned to crown land. What remained were"—to use your expression—"core park areas' that cannot be reduced further and still serve the purpose for which they were created.

"Despite a firm belief that hunters, miners and large tourist operators have more than a fair share of crown land at their disposal, and that nonconforming activities do not belong in parks, the parks groups have put forward a significant compromise." This is the key. "They have agreed to allow exceptions to the blue book guidelines on one condition. That is, the group advocating a nonconforming use must first illustrate that there is a need for this exception and that the activity proposed will not detract from the integrity of the park.

"I think you have underestimated the magnitude of this compromise. The park advocates have already lost 60 per cent of the proposed park land. Now they are willing to consider nonconforming activities in the remaining parks. Their only request is for a public hearing process that will ensure that these activities will not destroy the nature of the park.

"This puts the onus on those wishing to break the guidelines of good park planning. Quite frankly, that is where the onus belongs. It is quite reasonable to expect hunters, commercial miners and large tourist operators to explain why their activities must take place in a park and how these activities can be adapted to protect the integrity of the park involved. Surely no one wants these activities to take place in a park if it cannot be shown that the park will not be destroyed in the process.

"Lobbyists proposing nonconforming uses in parks began the negotiation process, wanting access to every square inch of crown land, no conditions, no questions asked. Their position has not changed. They must be willing to meet park enthusiasts half way.

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"The compromise offered is a sound one. The guidelines of park planning set out in the blue book should be the basis of our park system. Where it can be shown that nonconforming uses are necessary and environmentally sound, exceptions to the blue book should be permitted.

"There will be those that argue that no crown land should be reserved to preserve our natural and cultural heritage. And there will be those that will object to all nonconforming activities in all parks. The compromise offered above meets both groups half way.

"Again, I appreciate the time you are taking to understand this issue," etc., "Yours sincerely."

That was six months or so ago. I believe that was a decent compromise I and the parks people tried very hard to offer to you. I consider it a legitimate compromise. That is not what they wanted; that is not what the parks enthusiasts were excited about back when the blue book was developed and that parks policy was developed, but despite what you might think, they are realistic people. They know they do not always get their way, and I know that too.

Hon. Mr. Kerrio: Believe me when I tell you that the major compromise that the Ministry of Natural Resources made was that we agreed there would be no lumbering in any of those parks. That was a major concession. There is lumbering in Algonquin which has gone on for years and has not in any way affected the use of that park. I have travelled there as much as many and more than most, and I have never seen it interfere with my travels there.

The one thing I was trying to do—and I hope I can convince you that this is where I was coming from—other areas that identify with people in the north and the things they do in the north were uppermost in my mind. We should not go up into those areas of Ontario and not take into account some of the traditional uses of those areas, even though we had enough wood in and around the areas that we could kick out lumbering as a major concession from my ministry. So I was doing it with the best intentions I had as to how to accommodate the people in northern Ontario.

If you are telling me that the people in northern Ontario are quite willing to accept parks, as you have described them, that I am having some difficulty with, it comes as a bit of a surprise to me. There are not many northern Ontario members here, but I would like to let them make a comment about how they feel about that particular thing. Am I wrong in that assessment of the situation?

Mr. Bernier: Right on. Mr. Laughren was speaking like a guy from Toronto. Is it the party bugle or the party line that you have to espouse, Floyd?

Hon. Mr. Kerrio: René, I think, has a feeling about what northern Ontario is all about. I am trying to identify with that feeling, I really am. I am fully prepared to—

Interjection.

Mr. Laughren: I know you do not agree with me.

Mr. Fontaine: Not at all. After all—

Mr. Laughren: You are a lumbering man. I do not expect—

Mr. Fontaine: We do not have any parks in my area. We do not log in the parks.

Mr. Laughren: No, but you have a—

Mr. Fontaine: Still, I am talking about the people in the street. It is like the spraying. I told you if you try that speech in Chapleau you will not get any votes after it. It is true.

Hon. Mr. Kerrio: That is hitting where it hurts.

Mr. Bernier: Are you running again?

Mr. Laughren: I have to make a phone call to Shining Trees.

Mr. Fontaine: The people want to make their own destiny. The people of northern Ontario should decide what to do with the parks, what to do with the spraying and what to do with this too. We should not listen to all those guys on Yonge Street.

The same with the parks. I heard that too. I was mayor at that time. We had all those open houses and everything. I agree with you that we need parks. I have nothing against parks. I know the battle of Mr. Pope. I sat with Mr. Herridge in olden days. I went to a meeting with him here in Toronto. I do not remember where it was. It was around here.

Hon. Mr. Kerrio: That is why I brought in the—

Mr. Laughren: I know. You think that I am out of step with everybody else in northern Ontario, and I think you are wrong.

Mr. Fontaine: No, but sometimes you are out of step.

Hon. Mr. Kerrio: I guess that is why I brought in the Bruce Peninsula National Park. I am trying to say that now when we set aside a large tract of land for those people who want to use it in that way, maybe in a sense that was something I was trying to do to accommodate those people who want to see parks in that light. There are a lot of people angry with me in that area. That was a hell of a decision to make, I will tell you.

Mr. Bernier: Will you explain to us some day why you made that decision to give \$8.5 million worth of—I am sorry for interrupting.

Mr. Laughren: No, I do not mind that part.

Mr. Bernier: I would like to have an explanation from you, because I have great pride in this province and the provincial parks system.

Why we have to bring in the federal government to put a park in the Bruce Peninsula is beyond me.

Hon. Mr. Kerrio: You cannot make that comment right now with the present government.

Mr. Bernier: If I was in your position, I would have resisted.

Hon. Mr. Kerrio: I was only co-operating with the federal Tories.

Mr. Bernier: I am surprised you did.

Hon. Mr. Kerrio: Oh, no. I have good friends in that party.

Mr. Bernier: If it is a giveaway—

Hon. Mr. Kerrio: Let us look at it maturely. You tell me it is easy to make these decisions.

Mr. Laughren: No, I did not say it was easy. I said you have to do it.

Hon. Mr. Kerrio: I did.

Mr. Laughren: You have not done anything about 51 parks.

Hon. Mr. Kerrio: The ministry has designated about six or 10 of those.

Mr. Laughren: Let me tell you something. The previous big-and-small-c Conservative government has done more in the parks area than you have as a big-or-little-l Liberal government. I think that is a contradiction. I do not mean this to be mean to Mr. Bernier. His party was successful for 42 years so I would be rather foolish to make fun of that, but the people expressed a desire for change. One of those areas was the whole question of the environment. Take a poll now and find out which issue is very high up there in the people's minds across Ontario. They will tell you the environment is. I think you are holding back in an area where people expect change.

As a matter of fact, all you have to do is carry through with what they already started. We are not asking you to bump it back up to 245 parks that they started with originally. I am saying, honour the commitment of the 155. The Premier promised that by the end of 1985 those 155 parks would be legally designated, officially designated. Here it is 1987, and it still has not been done. You have not delivered something that somebody else started for you. That is my point.

This may sound corny to you, Minister, but if you step back for a moment from the short-term view of what we are talking about, I believe that 100 years from now we will be remembered more for what we preserve than what we use. I think this is one area where we can do something about the future. It is not a short-term view. I know that. It may not even be popular in the short run

among a lot of people, but now and again we have to take the long-run view.

I feel the same way about spraying as I do about parks. It is the long-run view in both cases. In neither case is it expedient or best in the short run. I concede that to you, but I think it is appropriate to take the long-run view from time to time. Anyway, that is how I feel about it.

I hope that even if the minister disagrees with me on some of the nonconforming uses in parks, he will at least designate the remaining 51 parks and get them in place. I do not know all the legal niceties of doing this, or pretend to, but at least designate them so that we can get on with determining what can go on within the boundaries.

I feel very strongly about that. That is a legitimate debate at this point. I do not expect my view always to prevail in that way but I think you should at least take that step. Have I convinced you?

Hon. Mr. Kerrio: I am certainly going to move in that direction. It is our intention to do that, but what is causing some problems is how we do it to take every eventuality into account. I suppose if we are talking about the involvement of those people who are going to be using the parks, and there is some input from them, that is precisely the way we will go. I thought we had that consensus until we began to look at it and found that people backed away from the original agreement I thought was made. That is the reason for the problem.

1750

Mr. Bernier: I will take responsibility for all provincial parks in my riding. Will you take responsibility for yours, for the type of park you want? As a local member you should be able to dictate.

Mr. Laughren: That is not a bad idea.

Hon. Mr. Kerrio: It is not a bad idea.

Mr. Laughren: Except it is terrifying what might go on in the parks in the Kenora riding.

Mr. Bernier: It will be multiple use.

Mr. Laughren: Chemical spraying. Oh!

Mr. Bernier: We still use and preserve—

Mr. Laughren: In provincial parks, just to control rowdyism, you would use chemical spraying.

Mr. Bernier: We conserve and preserve.

Mr. Laughren: Yes, right.

Mr. Bernier: Preserve and conserve?

Mr. Laughren: I will stop talking about parks for a moment. We perhaps can come back to them under the appropriate vote.

Hon. Mr. Kerrio: We certainly will respond and tell you precisely where we are and what we are hoping to do in the future to regulate them.

Mr. Laughren: Okay. Speaking of keeping the politics out of issues, I would like to talk for a moment about turkeys.

Mr. Bernier: What?

Mr. Laughren: Turkeys. How do you say "turkeys" in French? Anyway, wild turkeys for hunting purposes were reintroduced only in 1983.

Hon. Mr. Kerrio: Three or four years ago.

Mr. Laughren: Yes.

Hon. Mr. Kerrio: That is all. We made a deal with Michigan with moose. One moose, one turkey.

Mr. Laughren: Are you sure it was not a martin for a turkey?

Mr. Chairman: I remember the date. It was June 26.

Hon. Mr. Kerrio: That is right.

Mr. Laughren: Yes, right.

Hon. Mr. Kerrio: I could say something but I will not. Not to the chairman.

Mr. Laughren: We are not here to talk about the accord.

Mr. McGuigan: Pigeons are involved.

Mr. Laughren: Do the turkeys breed as prolifically as rabbits?

Hon. Mr. Kerrio: Nearly, yes. I was very much surprised. At first I thought they had been crossed, but they did it on their own.

Mr. Laughren: How many are there?

Hon. Mr. Kerrio: I do not know. I think the flock is over 3,000. Tim Millard will give us an accurate accounting. Very briefly, Tim, would you like to talk about turkeys?

Mr. Laughren: I think the minister's ability to designate particular jobs to particular civil servants is unerring.

Hon. Mr. Kerrio: No, I think this is interesting.

Mr. Millard: I hesitate to relegate myself to the realm of the straight man, but I am here none the less.

Wild turkeys were introduced, as you say, only a few short years ago, back in 1983-84, and have been introduced into several parts of Ontario since then. The flock in eastern Ontario, the one of which you speak, has bred prolifically. There has been a spectacular increase in that population size, to the point where the best

biological estimate at the present time is that there are in excess of 3,000 birds in that flock.

We have been quite pleased with that growth. That is a Michigan strain of bird. The other birds used elsewhere in Ontario are more Vermont and Pennsylvania strains of bird.

There is some contention among various biologists in the United States about the viability of the various strains and I suppose that will remain to be seen. They are doing very well in all parts of Ontario.

Mr. Laughren: Is this gentleman, Mr. Millard, responsible for the turkeys?

Mr. Millard: I have responsibility for that, among others, yes.

Mr. Laughren: Did you do the fact sheet on the wild turkey controlled hunt?

Mr. Millard: No, I did not.

Mr. Laughren: All right. I really think it was these instructions for safe hunting of the turkeys that really turns my crank. It really is important to everybody that this is recorded for posterity in Hansard.

These are the rules. It is very short; there are only five of them.

1. "Do not stalk wild turkeys. Call them to you. Stalking is almost always unsuccessful and may lead you to another hunter."

2. "Do not call like a gobbler"—and in brackets it says "male turkey" so you know. "Another hunter may mistake you for one. Imitate the call of a hen turkey."

3. "Wear total camouflage clothing and camouflage hands and face. Do not wear red, white or blue. These colours may be mistaken for a gobbler's head."

4. "Keep still and do not make sudden movements. A quick movement could alert the bird to your presence or, more scarily, draw fire from another hunter."

5. This is important. "Make absolutely certain your target is a gobbler."

All right. Now, we could have some fun with that, but I will tell you I do not understand. I was reading the Game and Fish Act and I think the act says you have to wear red.

Hon. Mr. Kerrio: When you are deer-hunting with a rifle.

Mr. Laughren: This is what is confusing me. As I read that, it talks about bright colours.

Mr. McGuigan: A combination of red, white, and blue.

Mr. Laughren: No, this is for clothing. It says, "Wear total camouflage clothing and camouflage hands and face. Do not wear red,

white or blue." I worry about those kind of instructions to hunters. I am not a hunter—

Mr. Bernier: I can see that.

Mr. Laughren: I do not pretend to be a hunter.

Mr. Bernier: You will have to come home with me for a weekend.

Mr. Laughren: All that would happen is they would find me in the bush. The guy thought I was a gobbler. Is there not a contradiction with the camouflaging instructions?

Mr. Millard: I think not. I will try to explain. First, I would like to comment on Ontario's hunter education program. Ontario is recognized by all North American agencies as having been a leader in hunter education. We have mandatory hunter education for certification before licensing for hunting. It has been spectacularly successful. We have shown dramatic improvements in terms of hunting related accidents and we will be amending the Game and Fish Act to allow for the regulation to wear hunter orange or blaze orange in some circumstances, particularly big game hunting, an area where one is using high-powered rifles and you would want to have some visible clothing that will show up to other hunters, because of the projectiles and the trajectory of those projectiles.

There are a number of types of hunting; waterfowl hunting, for instance, where the bird is sufficiently keen of eyesight and so on, that one does not want to wear anything that distinguishes one from the background. That is the reason for suggesting in the wild turkey fact sheet that you alluded to, that people not stalk, that they stay in their blinds and camouflage themselves. If they do not camouflage themselves, it is predictable that they will not attract a turkey close to them by calling. That is the traditional method of hunting wild turkey. It is well established; it has been successful in the United States.

Out of our concern for hunter safety, and based on what we have learned from US agencies with respect to wild turkeys, we have included and made mandatory a special examination and training program for the successful applicants to the turkey hunt this year. My most recent information is, in terms of the desirability of the program, that we now have in excess of 4,000 applications for those two short hunts and for those very few tags that are available at considerably more cost than other small game tags. It has been a very successful program. I do

not think there is a contradiction there. We do not want people stalking, because they might stalk another hunter who was calling to imitate the henbird and draw in those male birds, which can be identified by the beard.

Mr. Laughren: In a serious way, the big fear is that if one wore red somebody might blast away thinking it was a gobbler?

Mr. Millard: The wild turkey has a number of iridescent colours throughout its body plumage. Particularly in the head, there are vivid, brilliant reds, vivid blues, and many of the wing-tip feathers show a very shimmering white.

Mr. Laughren: It is scary, is it not? When you are hunting deer or moose, I would think the brighter the colour, the better, the less chance of anybody being confused with a moose or deer.

Mr. Bernier: The moose is colour blind.

Mr. Laughren: It is the hunters I am worried about. I really do worry about all this camouflage; and somebody wearing red, by mistake or whatever, and bang bang.

Mr. Millard: We have a very real concern for hunter safety in general, and that is the reason for the high-quality hunter safety education program.

Mr. Chairman: This might be an appropriate time to adjourn for today. That clock is a little slow. I am not sure whether you are finished yet or not.

Mr. Laughren: I could deal specifically with the minister's opening remarks fairly quickly when we come back.

Mr. Chairman: In order that you do not get into a long dissertation at the start of the next meeting, we could let the minister respond at the start of the next meeting to the things that have been said so far.

Mr. Laughren: Yes, except the only things that I was going to comment on were part of the original statements. Anyway, you can decide that.

Mr. Chairman: We will try and settle it. We meet again next Thursday.

Hon. Mr. Kerrio: I think we agreed to sit Thursday morning.

Mr. Chairman: I am not aware of that, but we will work it out between now and then. Thank you.

The committee adjourned at 6:01 p.m.

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Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Natural Resources



Second Session, 33rd Parliament
Thursday, January 29, 1987

Speaker: Honourable H. A. Edighoffer
Clerk of the House: C. L. DesRosiers

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday, January 29, 1987

The committee met at 10:12 a.m. in room 228.

ESTIMATES, MINISTRY OF NATURAL RESOURCES (continued)

The Acting Chairman (Mr. Bernier): I see a quorum for the committee on general government. May I point out that the chairman, the member for Dufferin-Simcoe (Mr. McCague), is ill today. He has asked whether I would fill in for him for at least this session.

Hon. Mr. Kerrio: A very worthy replacement.

The Acting Chairman: Thank you very much. You may not say that after we have finished. Perhaps I can bring to your attention the time left for these estimates, six hours and 40 minutes. The House leaders have allocated two hours today and two hours next Thursday, February 5, which would leave us considerably short of the six hours and 40 minutes. Is it the committee's desire to sit next Thursday afternoon? We will not be sitting this afternoon. We are being very co-operative with the minister who has to go to Moosonee or some place.

Hon. Mr. Kerrio: With the federal Tories.

The Acting Chairman: With the federal Tories. What is the desire of the committee?

Mr. Laughren: Did I hear you correctly? We have a total of—

The Acting Chairman: We have six hours and 40 minutes left.

Mr. Laughren: You are wondering, will the committee be prepared to sit for only four of those six full hours and 40 minutes?

The Acting Chairman: That is a choice. That would be this morning and next Thursday morning. That would give us four hours. There would be two hours and forty minutes left. If you sit next Thursday afternoon, we would pretty near wind up with the full time element. The Ministry of Industry, Trade and Technology is slated now by the House leaders to come on next Thursday afternoon. I know the minister wants to be here for the full time allocation. I say that in defence of him.

Mr. Laughren: I have trouble with next Thursday afternoon anyway because of the

sittings of the resources development committee. Next Thursday?

Mr. Offer: There are a lot of very familiar faces present from the standing committee on resources development and we are still awaiting a scheduled agenda for that committee. Therefore, I suggest that we should not eat into the estimates for which the minister now is present. As opposed to discussing this for half an hour and using up some of the extremely valuable time to discuss the estimates, we should set up a steering committee of this committee to discuss scheduling. We can discuss this on an informal basis at the 12 o'clock mark. We can get on with estimates now and then go into the whole problem of scheduling.

Mr. Pollock: I will go along with Mr. Offer's suggestion.

The Acting Chairman: Do you want to sit beyond 12 noon today?

Mr. Laughren: I cannot.

The Acting Chairman: Okay. We will discuss this at 12. I think we left off when Mr. Laughren was just winding up. Perhaps he wishes to continue.

Mr. Laughren: I will try to be brief because of the possibility of having the hours shortened. I understand the problems with scheduling committees. I want to say a couple of things about parks and something about environmental assessment for forestry.

On parks, I am unhappy with the minister's response as to why he has not designated the remaining 51 parks. The minister implied—as a matter of fact he did not imply; he said it quite categorically—that the reason was that when he became minister he thought there had been an arrangement, a deal, an agreement on uses in the parks, but then—

Hon. Mr. Kerrio: Did you use the word "accord"?

Mr. Laughren: No, I did not use the word "accord." Since that time, the parks enthusiasts had changed their demands and now it was not acceptable to the minister. I put to the minister that he is the one who changed the rules in the middle of the game, not the people who are concerned about the nonconforming uses; the

minister himself changed the rules. For example, it was the minister who changed the rules on power dams in parks. There is a difference between what the district rangers' guidelines say about parks and what the backgrounders say about parks. In other words, there is a gap between what is indicated in the planning, the guidelines, and what actually happens on the ground.

La Verendrye Provincial Park is a good example. Nature resorters were simply abandoned in that park; that is my understanding. Also, I think that it was promised that no hunting would occur in the James Auld Provincial Waterway Park, but it is occurring. I think, as well, there is a lodge in the Kesagami Provincial Park up north of Timmins in the Detour Lake area. As far as I know, it is the only one in a provincial park with a liquor licence. The agreement was that it was going to be run by native people, but I wonder whether the minister can tell us who is running that lodge and their nationality.

There was another park that bothered me and that was the Holiday Beach Provincial Park in southwestern Ontario. You may recall that back before your time as minister, it was privatized and now I believe it has been turned over to a local conservation authority. I wonder under what authority you did that. Perhaps there are regulations or a law—I do not know—but there did not seem to be any consultation when you turned that provincial park over to the conservation authority. You simply gazetted it. I really wonder whether that is appropriate. As I recall, you did not even tell the Ministry of the Environment, and I think it has the right to know that kind of thing. While you are responding on the parks questions, would you deal with the French River Provincial Park and tell us when it is going to be designated?

Finally on parks, perhaps you can tell me what the people, good people in my view, in the parks branch are doing? If they cannot proceed with the planning of the parks, which you will not designate, what are they doing? I would like to know how they spend their time because they are good people with a lot of talent. For them to be twiddling their thumbs, as it were, is not appropriate.

1020

Hon. Mr. Kerrio: We are going to answer that question but I certainly will not accept at this point that they are twiddling their thumbs.

Mr. Laughren: Tell me what they are doing.

Hon. Mr. Kerrio: I guarantee you about that. I will give you an answer as to what they are doing.

Mr. Laughren: I am prepared to be convinced that they are doing useful things. I need to be convinced because if nothing is going on in parks, I do not know what they can be doing. I am sure waiting to be informed. There is another thing about which I must challenge the minister and the member for Kenora (Mr. Bernier) who is in the chair right now. The acting chairman implied it the other day and the minister nodded sagely. I am assuming the minister can nod sagely with the present chairman. The member for Kenora was saying that the member for Niagara Falls (Mr. Kerrio) was a southerner who thought like a northerner, and the member for Nickel Belt (Mr. Laughren) was a northerner who thought like a southerner. I have changed my mind in my day, Mr. Chairman, but never that badly.

Hon. Mr. Kerrio: Am I nodding as sagely as I was when he said that?

Mr. Laughren: I do not expect you to like me but I expect you to be a little more honest in your assessment. I will tell you something; to tell the truth I did not want you to like me. When I looked at the Gallup poll that was done concerning provincial parks, do you know what I found? I found that I am at one with the people in the north, not the member for Kenora and not the member for Niagara Falls. I think the way the people of the north do about what should go on in our provincial parks, not the member for Kenora and not the member for Niagara Falls. Let me quote the member for Kenora who is looking quizzical. The member for Kenora represents and always has represented a very narrow band of interest in the north; namely, the vested interest in the north. He does not and never has represented the majority of people in northern Ontario.

The Acting Chairman: The progressive side, not the negative side.

Mr. Laughren: That is simply not true. The minister has never represented anybody but the vested interests in northern Ontario, and continues to do so.

The Acting Chairman: That is where jobs and the economy count.

Mr. Laughren: Sure, Mr. Chairman, it sure has worked well over the years, did it not? Is that why we have such a high unemployment rate in northern Ontario, because of your assertion?

The Acting Chairman: Come to the north-west of Ontario—

Mr. Laughren: Let me give a couple of numbers on northern Ontario. This was a Gallup

poll done indicating what people thought about what should be going on in our provincial parks. On logging in provincial parks, for all of Ontario, those who are opposed are 35 per cent; strongly opposed, 31 per cent. In northern Ontario, instead of the provincial average of 35 per cent opposed, it is 44.5 per cent. Strongly opposed in all of Ontario, it is 31 per cent; it is 30.9 per cent in northern Ontario. To allow mining in provincial parks, opposed for the province, 38.2 per cent; for the north, 42.7 per cent. Strongly opposed to mining in our parks, 34.8 per cent for the province as a whole and 32.7 per cent for northern Ontario. For hunting in provincial parks, for all in Ontario, opposed is 31.1 per cent; in northern Ontario, 38.2 per cent. For strongly opposed to hunting in provincial parks for all of Ontario, 34.9 per cent; for northern Ontario, 47.3 per cent.

It is about time that the member for Kenora and the member for Niagara Falls, the present minister, stop conning the people of this province, saying people in the south are trying to impose a southern ethic on what goes on in parks all across this province. It is simply not true. The people in northern Ontario feel as strongly, and according to these figures more strongly, about retaining the integrity of our provincial parks as does the balance of the province. It is time to lay to rest the rantings of the member for Kenora about southern Ontario versus northern Ontario, about trying to impose a southern ethic on northern Ontario. That is simply a falsehood and it is time the minister was apprised of the facts.

The Acting Chairman: I am glad you mentioned it because I am going to use it in the next several months.

Mr. Laughren: You are going to what?

The Acting Chairman: I am going to use those comments in the next several months across your riding.

Mr. Laughren: I hope you do. While you are doing it, take the Gallup poll numbers with you. You are very big on polls; you governed by polls for 40 years. Take the Gallup poll results with you. The fact is that people want those parks as parks, not as hunting grounds and not for mining and not for logging. They want those parks preserved because they agree with me that those parks should keep their integrity as provincial parks. They do not want them turned into development areas.

Do another poll. Do not take my word for it and do not take the word of the 1980 Gallup poll; do another one. I challenge the minister. Do not play these games that the rules are changed in the

middle of the game by the parks enthusiasts. That did not happen. Stop pretending that southern Ontario has different ideas of what should go into parks to what the people of northern Ontario do. It is simply a falsehood. You are spreading untruths across the province when you do that. You are not worthy of that kind of tactic on what goes on in our parks.

Hon. Mr. Kerrio: Do you have numbers on spraying?

Mr. Laughren: Spraying? No, I do not have numbers on spraying.

Hon. Mr. Kerrio: You are being a little selective.

Mr. Laughren: No, we are talking about parks.

Hon. Mr. Kerrio: I know, but you are being selective.

Mr. Laughren: Are you saying that people think we should spray in parks?

Hon. Mr. Kerrio: No, I am asking about how northern Ontarians feel as opposed to southern Ontarians.

Mr. Laughren: I think northern Ontarians do not want it. I did a survey in my constituency newsletter last year about spraying, not a scientific poll or anything like that. I represent an area that is forestry, right from the bottom part of my constituency on Highway 17, which includes Nairn Centre right close to Espanola where the Eddy limits are, all the way up through to Chapleau, Gogama, Foleyet, all that area. The results came back overwhelmingly that they did not want chemicals sprayed on our forests.

Hon. Mr. Kerrio: You know how you have accused us of setting up that question—

Mr. Laughren: You sure did.

Hon. Mr. Kerrio: Can you share with us how you posed the question?

Mr. Laughren: "Are you in favour of the use of chemicals to control"—I cannot remember the exact words.

Hon. Mr. Kerrio: But you did not say something such as a 94 per cent Bt and a six per cent chemical mix. You did not say anything such as that.

Mr. Laughren: No.

Hon. Mr. Kerrio: You did not explain it.

Mr. Laughren: No.

Hon. Mr. Kerrio: Okay.

Mr. Laughren: It was categorical as to whether they wanted chemicals sprayed.

Hon. Mr. Kerrio: It would have to be categorical because you said—

Mr. Laughren: Why are you trying to avoid the question of the parks? That is what I want to know.

Hon. Mr. Kerrio: I am just trying to bring it into perspective when you speak of polls.

Mr. Laughren: I am waiting for your response on the spraying because you are playing games with those people on the spraying issue too.

Hon. Mr. Kerrio: No.

Mr. Laughren: Then tell us that when you respond. Mr. Chairman, I would have been finished by now if I had not been interrupted by the minister so often.

Hon. Mr. Kerrio: I thought the chairman interrupted you more than the minister.

Mr. Laughren: That is true as well. When the minister responds, I will deal with the spraying issue which I raised the other day. I hope he will deal with the parks and who changed the rules in the middle of the game. I hope he will deal with the nonconforming uses in our parks and why he continues to stall in that regard.

I want to speak briefly about the environmental assessment question. It is my understanding that for the class environmental assessment regarding forestry there is going to be intervenor funding on behalf of people who want to intervene. I have some questions concerning intervenor funding. I would like to know the amount of money. I assume it will be split between the Ministry of the Environment and the Ministry of Natural Resources. I would like to know how long MNR is going to take to present its case. I would like to know where the meetings are going to be held for the assessment hearings.

I think there is a document called Class Environmental Assessment for Timber Management on Crown Lands in Ontario, and I think the Ministry of Natural Resources is proposing an amendment to it. I would like to know when we can see that amendment, because unless that is out there, available to people—I am thinking of intervenors in particular—how can they properly prepare for the hearings if they do not know what amendments are being made to the class environmental assessment?

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I would really like to know the answers to those questions about the class environmental assessment; namely, where they will be held and how many will be held; in what centres, if you have that information already; how many will be

held in northern Ontario and how many will be held in southern Ontario. It is obvious that there should be some in southern Ontario because a lot of the groups that are interested in intervening and in intervenor funding are located in southern Ontario, so it is necessary to have hearings in both places. I assume you will have them. I would like to know when and where.

I would like to quote a paragraph from page 36 of your statement:

"In wetland management, we are in the midst of a review process." Give me a break. "The guidelines which were released for public comment in 1984 are being examined by my ministry and the ministries of Agriculture and Food, Environment and Municipal Affairs. A new draft provincial policy proposed under the Planning Act will be released for public review next year."

That means 1988, I assume, if I am not suffering from too much time warp, so that by 1988 we are going to have another draft policy on wetlands.

Hon. Mr. Kerrio: That is a typographical error. I think it will be 1987.

Ms. Mogford: It will be 1987.

Mr. Laughren: Thank you.

Hon. Mr. Kerrio: In fact, it was one of the things—and I would like to share this with the honourable member—that I asked to be—

Mr. Laughren: Thank goodness for competent deputy ministers.

Hon. Mr. Kerrio: Yes. When I came on the scene, it was one of the areas that I asked to be accelerated because I was not pleased with the time frame that was originally struck. As I said, I am very interested in the whole process of preserving where we can and giving the kind of benefits within the ministry to preserve wetlands.

Mr. Laughren: I am humbled by the fact—

Hon. Mr. Kerrio: Did you have a comment to make?

Ms. Mogford: If I may mention, it is just a case of our estimates having been postponed and postponed and not having caught that in the speech.

Mr. Laughren: I understand. I understand that almost perfectly and I feel almost humble that I caught that error.

Mr. Villeneuve: Do not feel too humble.

Hon. Mr. Kerrio: Leave it there.

Mr. Laughren: I will leave it there, yes. Anyway, I am pleased that it is 1987 and not 1988; the sooner the better.

I do notice you did not change the word "draft" though; you only changed "next year" to "this year." The word "draft" is still in there. Perhaps you can tell me what the process will be for this draft.

Hon. Mr. Kerrio: You are going to participate. That is why it is a draft.

Mr. Laughren: Who knows? I do not think I will be your critic a year from now, so there you go.

Hon. Mr. Kerrio: Where are you going?

Mr. Laughren: Never mind.

Interjections.

Mr. Laughren: No, that is not true. I will still be here in the Legislature—constituents willing. I will still be here next year, assuming my constituents still believe that provincial parks should have some integrity and that there should not be any chemical spraying. If they disagree with me, and if the member for Kenora is right, then I will not be here.

The Acting Chairman: We may be able to help you in that regard.

Mr. Laughren: Perhaps I will be out there looking for a job negotiating the Indian fishing agreement. Who knows where I will be?

Hon. Mr. Kerrio: No. Leo is doing that right now.

Mr. Laughren: If Leo is doing that, there will be no agreement, I will assure you.

The Acting Chairman: I hope you are in the House at 1:30.

Mr. Laughren: The minister does know that he almost singlehandedly scuppered the last attempt at a fishing agreement. I suggest you should stay far away from Mr. Bernier in that regard.

Mr. Chairman, despite the provocation by you and others, I shall stop talking. I look forward to the minister's response to the very wide range of matters that I and the chairman raised in our leadoff remarks.

The Acting Chairman: Thank you, Mr. Laughren. I have Mr. Lane on my list as the next speaker.

Mr. Laughren: Excuse me; on a point of order, Mr. Chairman: Is it not the tradition that the minister responds after the two leadoff pitchers?

Hon. Mr. Kerrio: A response from the minister to the two leadoffs?

Mr. Laughren: Unless Mr. Lane has an objection to that.

The Acting Chairman: Okay? Do you want to respond?

Hon. Mr. Kerrio: Yes. In fact, there were various questions: look at the detail; I have pages.

The Acting Chairman: Maybe you should table it.

Hon. Mr. Kerrio: Oh no. It is only in the US assembly that they can do that.

It has been the custom for us to respond and I will change the custom by using some of my staff to do some of the responding.

Mr. Laughren: That will be a change in this ministry.

Hon. Mr. Kerrio: I really do think it is an appropriate time for members of the Legislature to meet staff, to be able to question them directly on some of these issues rather than my just reading some of the answers. You raised a fair number of financial questions and I think they were appropriate. I would like Rick Monzon, our assistant deputy minister of administration, to deal with that to the degree that would satisfy you. If there are any questions you would like to raise while he is here, please do so.

Mr. Monzon: I might say I have known Mr. Bernier for a number of years and he has put a number of tough questions to me over that time. This continues in that tradition.

The Acting Chairman: In the public interest, right?

Mr. Monzon: Exactly; always in the public interest.

A number of questions were put the other day and I will attempt to respond to those. I have with me a member of the financial resources staff in case we get into any further details or any areas you would like to pursue.

The first question that you put dealt with the subject of the ministry administration program, which is shown on page 8 of the printed estimates, I think. My understanding of the question was, since the actual expenditures in 1985-86 show an underspending in the amount of \$142,000, why were the 1986-87 estimates figures increased by the amount of \$82,000?

In response to that, the additional underspending in 1985-86 was due to the transfer of the science adviser, Dr. Martin Walmsley, from the staff of the Ministry of Natural Resources to the Ministry of Industry, Trade and Technology. That was a major move and there were a few vacancies in that area. That accounts for the underspending.

The increase in 1986-87 over the 1985-86 situation reflects the annual salary revisions that come into play every year, less the salary portion of that transfer; so that is a straight money transaction. Satisfactory?

The Acting Chairman: Yes, it is.

Mr. Monzon: The next series of questions dealt with the systems development services activity, item 6 on page 13 of the printed estimates. The first question dealt with the issue of transportation and communications.

The Acting Chairman: I thought we had a question about the number of staff the minister had in his office. I want some clarification as to whether they are being paid from the Ministry of Energy or from the Ministry of Natural Resources.

Ms. Mogford: We will be dealing with that question later.

The Acting Chairman: Okay.

Mr. Monzon: In terms of the transportation and communications issue, I think the question was: why was there overspending in 1985-86 on that particular item and, given that this happened, why did the 1986-87 estimates show no change from the 1985-86 estimates?

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The answer is that the systems development work carried out in 1985-86 was being carried out in a variety of local offices across the province. Given the nature of our organization in terms of the advice, both technical and support, carried out from the main office, there was a significant increase in the amount of travel carried out by our main office people to those local offices and travel by the local people in getting the appropriate systems in place. Certainly, more travel was required than anticipated.

We continue in this ministry to upgrade the quality of our electronic systems and attempt to upgrade the quality generally of our computer work and computer capability. We have done some major exercises and have some under way. For example, we are doing some major work in the eastern region in terms of financial systems. In our northern region, working out of Timmins and Cochrane, we have developed a series of financial systems which we are looking at for possible use across the ministry, piggybacking on the knowledge gained there. A number of the regions were involved in the development of on-line payroll systems they could utilize. We are looking at help from the main office area to the field situation.

In 1986-87, our anticipation is that travel will be reduced. To be frank, there could be some change. We will view that as an in-year situation and make that as required.

The second part of the question in the same systems services activity was, "Why do the 1986-87 estimates show a larger figure than the 1985-86 actuals?" We are looking at an increase in the order of \$3.5 million for one year over the other. The reason is a significant portion of the cost of work carried out by the main office systems unit is recovered from the other activities which request the work. It is a chargeback system, if you want.

Let me read the remainder. It continues: "In 1985-86, the actual recoveries were higher than anticipated in the estimates (\$786,203 versus \$541,000), which explains half the 1985-86 underspending in services. The other half is explained by the higher-than-anticipated purchases of supplies and equipment....In 1986-87, the anticipated level of recoveries is less than the 1985-86 actuals, so a higher estimates figure is shown in this activity for services."

I had to have that translated for me.

In terms of the systems activity within the main office, it operates on a chargeback system. This means that if the forest resources group, for example, requires help in developing a system or installation or looking at a better way to do things, a person from the systems branch will go into that forest resources area to do work. If they spend five days there at \$100 a day—and I just pick that figure out of the air—then that is a charge against forest resources. It is a bookkeeping exercise that goes back and forth. That overexpenditure really reflects that sort of situation.

The third part of your question on systems was directed at the item in the printed estimates on program review savings. There is an item there of \$76,000. I think the question was, what were those program review savings? Started under the previous administration, program review has been, and continues to be, a government initiative under which various ministries were required to look at ongoing programs and identify the areas and ways in which operations could be streamlined and deficiencies eliminated.

This reflects some savings, \$76,000, as a result of that exercise. It specifically reflects the reduction of three classified staff in data entry. As part of the program review exercise, we have privatized that data entry operation. Previously, we had a situation whereby raw data would come in. That was given to operators, who would do all

the punching and entering, and then they would go into the system. The situation now is that, in most cases, as they come in, the data are privatized out to a number of firms. They are punched in, then that information comes back and is fed into that system. This was an attempt to streamline that sort of situation and make it more efficient.

The last part of your questions dealing with systems services was more general in terms of what level of service is now being provided in comparison to the level in 1984-85. I think that was the tenor of the question. Certainly, in 1984-85 the level of service was in the order of \$1 million. As proposed for 1986, it is some \$2 million, so we are looking at a difference of some \$400,000. The expenditure of those additional funds has resulted in an increased level of protection of investment in information systems and better availability of data to ministry staff.

As we move through the whole process of computerization and electronically producing, storing, analysing and making data available, there are increased costs in dealing with efficiencies in all of that area, as well as costs that have to be dealt with in the protection of that information. There has been a number of points made in articles in the media recently about how easy it is to get into systems; for amateurs to dial into systems and retrieve data. That is something we are currently concerned with.

This increase in dollars, though, is really directed at making that data more available to staff and managers in the local situations and in a more readable and usable fashion, as opposed to just being stored on discs.

There were two other questions relative to finance, both dealing with the general ministry administration program, the field administration activity, item 9 on page 16.

The Acting Chairman: The \$3-million cut in wages and salaries; is that the one you are pointing to?

Mr. Monzon: Yes, the \$3 million over the 1985-86 actuals.

The 1985-86 actuals are a reflection of two years of salary awards for this whole group. Because of when the salary awards came into the system, two years of salary awards were shown as part of the 1985-86 actual expenditures in terms of timing, as well as the Experience program. That has increased the actual expenditures and, I think, does not fairly reflect the salary level situation.

The Acting Chairman: It stood out pretty generally.

Mr. Monzon: Yes. It is a fair question.

I think the second part of your question dealt with the item under "Other Changes: Reallocation of funds from other activities," some \$623,000. This is simply a staff transfer, classified and unclassified, in the order of 14 person-years. You will note that the staff in person-years, at the bottom of that page, is increased to some 719, in 1986-87 over 1985-86, an increase of some 14. That staffing increase accounted for some \$445,000. The remainder of that, some \$180,000, was just minor reallocations within that fairly large item. Does that help?

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The Acting Chairman: Yes, that is fine.

Hon. Mr. Kerrio: Thank you very much. Does anyone want to ask any questions?

There is one question that remained unanswered, Mr. Chairman, and that is about my own office staff. That question related to numbers of people and who pays. The fact is that what we have in the office is staffing approved in line with Management Board during the allocation process. In our case, the dollars are allocated to the Ministry of Natural Resources and my office as a responsibility for both ministries. The staff numbers are maybe what you were more interested in.

The Acting Chairman: Yes.

Hon. Mr. Kerrio: In the past, the staff of the Ministry of Natural Resources, unclassified, numbered eight and the seconded ministry staff, six, for a total of 14 in Mr. Pope's office. In my office I have 11 unclassified staff and four who are seconded, plus an executive assistant, which gives me a total of 16, which is an increase of two over the staff of the former minister; but these staff are for two ministries, so it has turned out in this instance that there has been some advantage in using staff for both ministries.

The other one we wanted to talk about was speeches.

The Acting Chairman: Yes. Are you going to give us a list of the people and what they are paid?

Hon. Mr. Kerrio: No, but I can give you a copy.

The Acting Chairman: You can send that to us.

Hon. Mr. Kerrio: Yes.

The Acting Chairman: Just send it to me; it will save us time. I think the members want to speak to it.

Hon. Mr. Kerrio: On speeches and statements prepared for the minister in house, I have

included from April 1, 1986, to April 1, 1987. It includes speeches that have been scheduled further into the year: 52 in-house and 13 freelance. If you want further information on that, we can supply that to you as well.

The Acting Chairman: Do you have the cost of those?

Hon. Mr. Kerrio: I do not have the cost of the in-house, because it would be included in the costs of the estimates. It is \$10,500 for the freelance work for the year.

The Acting Chairman: \$10,500?

Hon. Mr. Kerrio: Yes. I will give you the former government's when I give you the other.

The Acting Chairman: Thirteen speeches. As a taxpayer, I want to see that we get our money's worth on them.

Hon. Mr. Kerrio: Oh, absolutely. I am certainly addressing myself to the needs of the people all across the province, and doing it in a way that is very well accepted.

There was a question raised regarding conservation authorities. I think that was a very important one, and just to make a preliminary point on that whole situation, you know that there is now a review of conservation authorities. After some 40 years of conservation authorities and all the good work they have done in developing the programs and funding of conservation authorities, it seems that in the 40th year there would be some re-examination of the whole concept of conservation authorities.

But to deal with some of the issues you have raised, I have Mike Garrett here with me, executive co-ordinator of lands and waters. I think this one, Mr. Chairman, in talking to you as a critic, is a very important one that is going to require a great deal of co-operation from other levels of government as well. Mr. Garrett, would you like to share the questions that were raised by the critic regarding conservation authorities and the other area?

Mr. Garrett: Thank you, Mr. Chairman—

Hon. Mr. Kerrio: Excuse me. I do not want to interrupt you, but I would like to ask the chairman and the people who are here a question. As we bring forward some of our people to respond directly to some of the questions that were raised, would you accept anyone else asking a question while we have our people here? I think that would be quite appropriate.

The Acting Chairman: If I can add, if you can keep your responses as tight as you can, because I know the members are anxious to ask the minister about some other issues.

Mr. Garrett: There were three questions that were raised the other day. To deal with them very quickly: one of them was about the difference between the 1985-86 estimates in spending for conservation authorities and the actual. For the most part, that overspending was due to the fact that the water and related expenditures of conservation authorities were higher than anticipated, because that year was perhaps one of the highest years in terms of flooding in the past 25 years and there were some unforeseen expenditures that had to be undertaken in the year.

We make some allocations like that and try to find the resources from within or without to make that kind of emergency funding available. It was a serious year on the Thames and on some of the shoreline issues, as you are aware. That is essentially the reason for the change.

The Acting Chairman: But not large enough for supplementary estimates—the overexpenditure.

Mr. Garrett: No.

The second question dealt with the review of conservation authorities. The minister has talked about that a little bit. The first stage in that review that was agreed to by the government was to look at the role of conservation authorities, the role they play for the government as a whole and, in particular, between the different ministries; and the functions they perform and private land extension work. There is an overlap between what the Ministry of Agriculture and Food does, what the Ministry of the Environment does and what the Ministry of Natural Resources does.

The first stage in that, for which there is an assistant deputy minister's committee under way now under the chairmanship of Bob Bugar, is to look at the mandate of conservation authorities and the organization of conservation authorities, their size, and develop an understanding or agreement between ministries about their role; and at that time, my understanding is that the government will be going public with a white paper.

The Acting Chairman: If I could ask the minister a question, the hidden agenda is not to do away with conservation authorities, I hope.

Hon. Mr. Kerrio: There is no hidden agenda.

Mr. Garrett: No.

The Acting Chairman: There is no bottom line to where you are heading?

Hon. Mr. Kerrio: In reviewing it, what we are trying to do—

Mr. Laughren: He would not admit it if there were.

Hon. Mr. Kerrio: —is to bring it into the modern age and actually address questions that are put forward to us. We have that whole involvement where conservation authorities may play a role in extending the riverine, flood plain mapping out into the areas—there is a whole new concept of where we are going.

Mr. Garrett: Actually, this is as a result of a petition the Association of Conservation Authorities of Ontario made to the minister. He is reacting to the actions they have taken.

Mr. Laughren: Is that the one that probably all of us got?

Mr. Garrett: Yes. It is about a six-pager.

Mr. Laughren: Yes.

Mr. Garrett: Some time ago now.

Mr. Laughren: And the ministry responded to that?

Mr. Garrett: The response has been in establishing this committee and the working of the committee with the staff. They will be reporting back to cabinet in June and then going from there, but there is involvement on all sides. There have been some very healthy discussions going on at this time.

The third issue dealt with the Boy Scout jamboree. The question you asked is that it was funded in 1985-86 but it is not in 1986-87. I guess the reason for that is it has happened; it is over.

The Acting Chairman: It is over, but did you fund it?

Mr. Garrett: It was funded last year but not this year.

The Acting Chairman: Not this year. It will not be funded this year?

Mr. Garrett: No. It is just a one-time event. It is a jamboree.

The Acting Chairman: That is a good reason.

Hon. Mr. Kerrio: They are in Alberta this year, I think.

Mr. Garrett: Once they are finished, we do not fund them any more.

Hon. Mr. Kerrio: And they will get really big funding there. They will dip into the heritage fund.

The Acting Chairman: But when they come back the year after, you will fund them.

Hon. Mr. Kerrio: We are ready.

The Acting Chairman: Okay. Just do not do away with the Boy Scouts.

Hon. Mr. Kerrio: It will never happen.

The Acting Chairman: Treat our Boy Scouts fairly.

Hon. Mr. Kerrio: Talk about motherhood, how would you describe this one?

Mr. Garrett: Is it your wish to deal with the questions on shoreline management at this point?

The Acting Chairman: The members are anxious to get on with the question. If you can set that aside and if we have time, maybe we can call you back. Would that be fair?

Mr. Garrett: Certainly.

The Acting Chairman: I want to be fair to the members who want to ask questions.

Hon. Mr. Kerrio: There was a question about crown land cottaging programs. It stemmed from the question you raised through some of the correspondence we had.

The Acting Chairman: It took six months to get the information on that.

Hon. Mr. Kerrio: But this is always good stuff. It takes a lot to get the accurate information together.

It is a good question and it brings up a very important matter that it now seems worth while to pursue because of the economics in the north; and it is going to play a major role in that whole economic base; in 1982 it was frozen. I am not sure that there was ever a rationalization of the closing or why it was frozen. It has never been explained, unless someone here has knowledge as to why it was done. It is a matter of reactivating what appeared to be a worthwhile program.

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Mr. Laughren: Mr. Bernier was king of the north when it happened.

The Acting Chairman: I was not part of that decision. I have been fighting it ever since.

Hon. Mr. Kerrio: Then you will be pleased to be sitting in the chair when we are looking at reconstituting this.

Mr. Laughren: I can hardly wait for Mr. Bernier's memoirs.

Hon. Mr. Kerrio: We have some copies of some of the things that were there already.

Mr. Laughren: I bet you have.

The Acting Chairman: It will be interesting.

Hon. Mr. Kerrio: I would say that I have a personal interest in this situation because I have travelled in some of the areas that are really ready, in a sense, because there has been initiative on the part of the people in the immediate area. I can think of a couple I would name as what appear to be prime sites, and my foresters would think that is a good term to use,

not only in forestry but also in going back to cottage sites.

I flew over an area about which the townspeople and elected representatives from the town of Ignace had prepared a very good presentation, had in fact designated areas they thought were ready for opening up and talked to me about some help in establishing or refurbishing some of the roads in the area—an undertaking, I might say, that the government is certainly well along in considering, because to this point, the municipality and even private funds have been used to do that very thing.

It is one of the things the Premier (Mr. Peterson) has said, too, that gives us cause to think we are going in a way that is important. The Premier went up north and said, "We are particularly responsive to those areas that see and take the initiative themselves." This is one of those instances.

When we get back into the program, we are looking, first, at those areas that have had the most impact from job loss; and second, those that would be very willing to play a major role.

We are looking at a major market and economic impact study for crown cottage lots to meet the drive on the market, both in the quantity that might be available—and as you are looking at that, that is a very important aspect of it—and the location. The study will look at annual demand by region; prime sites for release of crown lots, assessed in terms of demand; economic benefits, as I have described; and the potential of more intensive development on selected lakes, including the nature of the impact on the fisheries, which is a very important area we have to describe.

The Acting Chairman: Cottagers do not impact on the fisheries.

Hon. Mr. Kerrio: They can impact in a more positive way. As long as they all have a fishing licence and we can take that stock and put it in the lake right in front of their cottages, I think they will be very pleased.

We have to look at the aspect of private developers and targeting markets. The direct multiplier of the economic impact on the local regions is going to be important because, in a sense, we do not want to open this up without doing that kind of study.

I suppose in the final analysis we are looking at the economic benefits the crown lots will result in and direct revenues to the province. There could be a substantial amount there. I am sure it will please the Treasurer (Mr. Nixon) and provoke some comment from the Leader of the Opposi-

tion (Mr. Grossman) if we have more funding for the government.

In any event, we are talking about anywhere from \$2.5 million to \$7 million coming into the Treasury, but when we think of some of the output, the costs of servicing those lots have to be taken into account in the income from the sale. The capital construction could be substantial. The annual maintenance could be up in the \$500,000 to \$1.8 million range to maintain some 1,000 lots. All of this, of course, is providing something to an economic base that has been suffering.

The cottaging is important as it relates to tourism. I have the full support of the minister regarding that aspect of it. On average, construction of a cottage generates direct benefits to local economy when you think it could cost anywhere from \$10,000 to \$25,000 to build.

The multiplier effect is an important one we have taken in on a market study, and in general, close to 100 per cent of the capital and construction expenditures are spent locally. I think that is very important. The cottage lots program also provides increased opportunities for the business that caters to boating, food and all the things in demand by people in cottage areas. That is not to say we can discount the very important aspect of areas that might be opened up in a commercial way to augment cottagers. The commercial aspect of it will add another important element to the economic problems in northern Ontario.

I am very pleased about this program. It is one of the programs that has a very positive effect. It is one of the times I have heard hardly any opposition from any quarter. Politically, that is very difficult to achieve.

Mr. Laughren: Ask the Boy Scouts.

Hon. Mr. Kerrio: That is nearly the same thing. If we could put the Boy Scouts in the cottages, we would really have it made.

The Acting Chairman: If I can just comment on the apparent change of attitude within the ministry, I think it is one that is moving away from that possessive attitude towards crown lands and that is opening up. We heard this back in 1982, 1983 and 1984. We are hearing about this study again in 1987. We heard there was a study being implemented in 1982. The freeze was put on because they wanted to have a strategy and to study all the lakes to see if 30 per cent of the shoreline could be used for summer cottage lot development and this type of thing. That was five or six years ago and nothing has

happened. The people of northern Ontario want some time frame.

I appreciate your remarks and I compliment you on your remarks. You are pointed in the right direction—there is no question about it—but we want some action. I tried to get this point across to the Premier during the estimates of the Ministry of Northern Development and Mines, but I think he was too busy eating peanuts to hear me. You are not eating peanuts.

Hon. Mr. Kerrio: I am all ears.

Mr. Laughren: Can I add something to that? I have never known a chairman to be so active in the debate in committee, but nevertheless I understand.

The Acting Chairman: He is answering my concern.

Mr. Laughren: I understand that. I am not launching a formal objection.

When you talk about the development of the lakes, are you also talking about commercial development? I understand there is also a freeze on commercial development, such as the development of lodges, on lakes. Did I miss the date for some kind of release of a policy?

Hon. Mr. Kerrio: We are talking about cottage lots first, but there are also the opportunities that would flow from the study into commercial aspects. Without looking at this note, I will say we hope—more than hope, I think we are going to have some cottage lots on the market this year.

Mr. Laughren: Are you?

Hon. Mr. Kerrio: Yes. That is important.

Ms. Mogford: I can just add that the study is longer term in terms of economic impact but runs in parallel with opening up lots earlier.

Mr. Laughren: If I can come down on the side—

The Acting Chairman: Of the conservationists?

Mr. Laughren: Of caution. Unlike the member for Kenora, I do not believe in wholesale development of our lakes in northern Ontario.

The Acting Chairman: Nobody said that. Is 30 per cent of a shoreline too much of a lake?

Mr. Laughren: That depends on the lake and the shoreline.

Hon. Mr. Kerrio: A great deal will depend on the study.

Mr. Laughren: I just hope you do not get carried away with the urgings of the member for Kenora.

Hon. Mr. Kerrio: I will identify with both comments.

Mr. Laughren: Yes, right

Hon. Mr. Kerrio: Certainly we are not going to allow the kind of overpopulation that stresses the lake in two major ways. Not only the fishery is involved. There is also what is happening in Lake Simcoe, for instance. The lake is threatened because of the building up around it. We are looking at trying to clean up the environment of the lake. I am very careful and cautious about the environmental impact from the cottages as well as the pressure on the lake relating to taking the resource.

Mr. Laughren: What about the commercial development? Where are you at on that as a policy?

Hon. Mr. Kerrio: We will be looking at the same things, the impact and the need for it in a given area. I look at a commercial involvement, an outfitter in Algonquin Provincial Park, for instance. As a commercial venture, it provides a very valuable service to a need that addresses itself to the environment, to tourism, to providing a very important commercial aspect within a park. This is not to say we are going any more in that direction, but that is the kind of thing we will be looking at where it complements the whole undertaking of cottages rather than a commercial venture outside of that scope.

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Ms. Mogford: Mr. Laughren, are you speaking about the outpost camp disposition specifically?

Mr. Laughren: No. I was thinking more of the development of lodges: where people want to open up a lodge; it could be fly-in or otherwise. That is what I was really thinking of.

Hon. Mr. Kerrio: That provides a very valuable impact on the economy as well. One of the things that is very close to my heart is my fishing licence. I like to describe it not as a tax at all but a participation of the people who take the resource. I would rather describe it as a user fee.

The Acting Chairman: A tax.

Hon. Mr. Kerrio: I will tell you something right from the top. If I was playing politics at all, I would not be issuing a licence because governments just do not do that. I had to convince a lot of people that I was very anxious to protect a resource that has been drawn from for 40 years and to limit it to addressing the need for stocking, cleaning streams and cleaning up the

environment. It is obvious that it needs to be done in wildlife to bring our moose and deer back.

Mr. Laughren: The Ontario Federation of Anglers and Hunters will be glad to know that you did not play politics with this issue.

Hon. Mr. Kerrio: I did not, because I would not put it forward, would I, if I was hanging back like the former government and afraid to put it up there because it would have some negative impact. Do you know something—

Mr. Sheppard: Can I have a supplementary on that?

Hon. Mr. Kerrio: After I finish. The fact of the matter is we are talking about the implementation of something I felt a need for and that most of the people support as long as the money is going back into that resource. I have been given the assurance in the House by the Treasurer—and I think that is very important—by a Treasurer who can be trusted to have the money flow, that the money is going to flow. Beyond that, we have taken the initiative and spent some of the money before we collected the fees.

I am very anxious to talk to people; even those over the age of 65 who have very strong feelings for this resource, may buy a licence just to show that they are interested in protecting that resource.

Mr. Laughren: What about people on disability pensions? Have you dealt with them?

Hon. Mr. Kerrio: No.

Mr. Laughren: Why not?

Hon. Mr. Kerrio: I am dealing with the issue first. Then if you want to talk about things such as people who should be given some preferential treatment, I am prepared to do that.

Mr. Laughren: That is part of the issue.

Hon. Mr. Kerrio: What I am really saying is that in this day and age we must look at improving a resource that has been hard pressed. We are closing lakes in eastern Ontario right now because those lakes have been overfished, and with the advent of skidoos there has been even more pressure put on them. I am determined to improve fishing opportunities in this province. We can use not only this money but whatever money I can come by in order to do that.

One other thing I think is important is that when people buy that licence and participate in some of our community fisheries involvement programs, they get very much more of a protectionist feeling about the resource. They will not allow the resource to be abused in some instances where it might be. Any of you who

have had the broad experience, as I have had, where they snag fish at Owen Sound and who would let the streams degenerate so that fish do not reproduce and have spawning beds for our pickerel destroyed, will look at this in a very positive way. Of course, there will be those who will quarrel with it. Part of this business is to accept criticism and try to explain to those critics why it is being done, the purpose, and hope to convince some of them that we are doing the right thing.

The Acting Chairman: Mr. Sheppard, on fishing licences?

Mr. Sheppard: Yes. I have a fishing licence here. I have not paid for it because I did not want to—

Hon. Mr. Kerrio: How can you put it forward as evidence?

Mr. Sheppard: I am glad you mentioned it because—

Hon. Mr. Kerrio: It is a piece of paper.

Mr. Sheppard: It is a piece of paper. It has no number on it.

Hon. Mr. Kerrio: That is exactly the way we intended it.

Interjections.

Mr. Sheppard: I am not trying to sell them, but I will buy one. I want to point something out to you. What good is that?

Hon. Mr. Kerrio: No good. That is no good.

Mr. Sheppard: Yes, but if I get a fishing licence, I keep one and the other one goes back into the ministry, but there is no number on it.

Hon. Mr. Kerrio: What you do—

Mr. Sheppard: I know. You stamp it on the back.

Hon. Mr. Kerrio: No, we do not.

Mr. Sheppard: What happens when I have lost my wallet? I am supposed to have it in my wallet at all times. If I lose my wallet and it goes into the bottom of the lake, how can I get another licence?

Hon. Mr. Kerrio: You are very convenient. You just ask the minister.

Mr. Laughren: What does the number have to do with that?

Mr. Sheppard: I still think there should be a number on that. If you want the people to carry this licence 365 days a year, you better put it in a plastic-coated folder so that it is not ever worn out.

Mr. Laughren: You put it there. Why should we pay for your—

Mr. Sheppard: I am not talking to you, Floyd. I am talking to the minister. You can talk to him all day.

Mr. Laughren: We have already dealt with the issue, Mr. Chairman. The minister has just given him the answers.

Mr. Sheppard: I still think you should have a number on this. I will tell you another reason. I was talking to the issuer I got this from. He has sent out 1,000 or 2,000 of these and he was short 100. He had one heck of a time getting another 100 to bring it up because the ministry—and I do not know who; maybe the deputy minister or maybe one of these gentlemen—had sent them and they got lost or they were short. He did not know; he still does not know.

Hon. Mr. Kerrio: Can I respond?

Mr. Sheppard: Yes. I might have another question.

Hon. Mr. Kerrio: The fact of the matter is that piece of paper you have in your hand is meant to have no value at all until it is filled out and the stamp is put on it. The stamp is the thing that has to be guarded carefully because the stamp is what has the worth. What we are trying to do is do something very modern, move it forward and put those anywhere because we want you to be able to fill them out and then go in there and get them stamped. That business of having a number on it was only to keep careful account of those papers, which we do not care about any more. All that matters is the validation stamp. It is like the stamp of the government of Canada.

The Acting Chairman: I cannot believe what I am hearing.

Hon. Mr. Kerrio: Yes. The value is in the stamp; with that stamp it is a valid licence. Before that, it is a piece of paper.

Mr. Sheppard: Yes, but what if I lose it and—

Hon. Mr. Kerrio: It does not matter. You can come back.

Mr. Sheppard: —the game warden comes along and takes me to small claims court?

Hon. Mr. Kerrio: First of all, if you lose it, you are going to suffer the consequences and you should not be fishing without one, but the fact is—

Mr. Sheppard: Okay. What if I lose it and I come back to shore and a game warden is there? The game warden will not believe me and you know it. The first thing I know I am in court.

Hon. Mr. Kerrio: If you are without a licence?

Mr. Sheppard: Yes.

Hon. Mr. Kerrio: I would not believe you either. Why would he believe you?

Mr. Sheppard: Mr. Chairman, I hope the minister does not judge everybody by himself in making a statement like that.

Hon. Mr. Kerrio: I was looking at you. You do not quite understand what I am saying. That piece of paper is an application to be able to fish when that is validated with the stamp. If you lose a bushel of those, it does not mean a thing. That is a new concept. You are caught up with that old business that we numbered those, so we had to keep an accurate number of how many went out to the issuer and how many came back. All of that was an administrative nightmare. Now we have eliminated it, streamlined it and brought you into the 20th century. You cannot cope with that but most people will.

Art Holder is here now.

Mr. Sheppard: Just a minute.

Hon. Mr. Kerrio: I am going to have him up here because he has all of your information.

Mr. Sheppard: I want to make another comment now. These are worth \$10 and the poor issuer is still only getting 50 cents. When are you going to move that up to \$1?

Hon. Mr. Kerrio: No, I want the money to go into the fishery. Do you not understand that?

Mr. Sheppard: I want to congratulate you on that, that all this money is going back into it. I hope it is.

Hon. Mr. Kerrio: It is going back.

Mr. Sheppard: Most of the people support that. There are a few you will never convince, but I think it is a good thing, providing—and I just heard you say the Treasurer said yes—all the money is going back in. You have already spent some of the money before you have received it. I must congratulate you on that, but I wish you would do something better.

Hon. Mr. Kerrio: Do not believe that we are hard and fast, that we are not going to listen to valuable comments about it. We were trying to put into position that the application was valueless until it was stamped. We were streamlining it so the issuer did not need any more money to issue that, because generally it is in the same office. Really, we wanted most of the money, and we were trying to prove that through this process of going into that area. If there are a couple of brief questions—

The Acting Chairman: I will lead off on that point.

Hon. Mr. Kerrio: Yes.

The Acting Chairman: You will support an amendment to Bill 166 that will guarantee that the moneys from the resident fishing licences goes into fish management.

Mr. Kerrio: That could cause an election.

The Acting Chairman: Yes, I know.

Hon. Mr. Kerrio: That is a money bill. I cannot do that.

The Acting Chairman: What do you mean? We will help you when Bill 166 comes forward.

Hon. Mr. Kerrio: What I am saying is, in the process of consolidation of revenue for the province I am not sure that kind of an amendment could be put.

The Acting Chairman: We will word it so that you will be able to support it.

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Mr. Sheppard: Mr. Chairman, one more question.

Hon. Mr. Kerrio: I am just going to introduce Art Holder. He is director of the fisheries branch. I may ask him to respond if it gets too tough.

Mr. Sheppard: Okay, go ahead.

The Acting Chairman: One more question, Mr. Sheppard.

Mr. Sheppard: I was just talking to the manager at the Harwood fish culture station this morning. When are you going to open that officially?

Hon. Mr. Kerrio: When are we going to do that, Art? I know we brought him here for good reason.

Mr. Holder: We have eggs in there this fall, as you know.

Mr. Sheppard: Some of them are hatched.

Mr. Holder: Presumably, when the weather—

Hon. Mr. Kerrio: When is the next election?

Mr. Sheppard: When your colleague Mr. Riddell went down to open the new agriculture office officially he was very rude to me, and some of his Liberal friends told him so. When you go down to open the fish culture station in Harwood officially, I want to be on the agenda. I do not want to left off like I was in Brighton.

Hon. Mr. Kerrio: One caveat. As long as you have a valid fishing licence.

Mr. Sheppard: I thought you were going to make some more comments about this fishing licence.

Mr. Holder: The revision that has taken place in the format is as a result of a number of

criticisms that have been made in the past. We hope we have improved it considerably, simplifying the system of filling it out, making it much easier for the issuers to fill it out. We believe we will get that kind of positive response. If, however, the general consensus is that there are some more improvements to be made, as the minister says, we can certainly look at it again next year, but we think this is a quantum step forward. I hope our issuers think the same thing.

The Acting Chairman: Your conservation officers do not.

Mr. Sheppard: I have had a lot of complaints from fishermen in Brighton saying the minister wants to put them out of business.

Mr. Laughren: On a point of order, Mr. Chairman: I am getting a little weary of this. The minister was to be responding to the two critics, not a list of speakers from the two opposition parties.

Mr. Sheppard: Mr. Chairman, if you want to follow that, I will come back another day when the critics are through.

The Acting Chairman: I said one more question on the fish licence issue, Mr. Sheppard. Then we will go back to the critics.

Mr. Sheppard: Okay.

Hon. Mr. Kerrio: This originally was a question that was posed by you, Mr. Chairman.

The Acting Chairman: Yes, I know. You answered my question. Mr. Sheppard, one more question and then we will move on.

Mr. Laughren: Oh, jeez.

Mr. Sheppard: No. I will wait and come back at another time.

Interjections.

Mr. Sheppard: I want to keep Mr. Laughren happy.

Mr. McKessock: I was listening to the debate on no numbers being on the licences. Will the ministry have a record of who buys a fishing licence?

Hon. Mr. Kerrio: Most certainly. It will be in the system.

Mr. McKessock: Will that just be in the local issuing office or will that be in head office?

Mr. Holder: There is a duplicate copy of the licences issued and we are looking now at whether it makes sense to have that computerized. If it has to be handled physically, as you can gather, it is a fairly complicated process of keeping track of it. On the other hand, we have to balance off the benefits of having it on a

computer process with the cost of having such a system. At this point, they are to be held at the district offices of the ministry.

Hon. Mr. Kerrio: Have you bought a licence yet, by the way?

Mr. McKessock: No.

Hon. Mr. Kerrio: I have one right here.

Mr. McKessock: I see maybe two problems. One is the one Mr. Sheppard mentioned where, if somebody loses his licence, if you have a record of it, he could come back in rather than face some huge fine or something. The other one is you would have to have very honest issuers or you would not have any record of how many they sell.

Hon. Mr. Kerrio: Why?

Mr. Holder: We have a copy.

Hon. Mr. Kerrio: Remember what you are talking about here. You are talking about the validation stamp.

Mr. McKessock: Right.

Hon. Mr. Kerrio: That is what is worth the money. The piece of paper is not. When you get a block of stamps, you count five one way and four the other and you have 20 stamps. You have to pay for those no matter what happens.

Mr. McKessock: Oh, you pay for each.

Mr. Sheppard: If the stamp goes on the envelope, if the stamp falls off you have to put another one on the envelope.

Hon. Mr. Kerrio: Yes, you go back and reapply. I do not know what we do in that case, whether we issue him another one without the—

Mr. Holder: The regulation says that a duplicate licence will be issued for a fee of \$5.50, or if you can establish proof of the fact that you have held a licence we will replace it for no fee.

Mr. McKessock: These are individual validation stamps that the issuer purchases from the Ministry of Natural Resources?

Hon. Mr. Kerrio: That is right.

Mr. Holder: They are very similar to postage stamps in that they are applied to the back of the licence.

Mr. Sheppard: But if I lose my licence and have to go back to the same issuer, do I have to pay for another one or will I get a duplicate?

Mr. Laughren: What difference does it make if you have a number? I cannot believe this debate; it is ridiculous.

Mr. Sheppard: Baloney. It should have a number on it.

Mr. Laughren: If that is the way the debate this morning is going, I cannot believe it.

Mr. Holder: If we can establish proof that you have held a licence you will get a replacement for free; if not, you can get a duplicate licence for a fee of \$5.50.

The Acting Chairman: Does that answer your question?

Mr. Sheppard: No, not really. He said that if I went back to the same issuer from whom I got my first licence and could prove I had had one, I would get one, but if I could not prove it, I would have to pay \$5.50. I would have to go back to the same guy I got my fishing licence from. He would have it on record, or should have it on record. I buy my fishing and hunting licences from the same guy every year. I think I would get an extra one or another one.

Hon. Mr. Kerrio: No question.

The Acting Chairman: I think the minister, along with the deputy, has heard your arguments and has taken them under consideration. We will continue along with the minister's further response.

Hon. Mr. Kerrio: I have already responded to who pays for my staff, but you want it in some depth so I will get back to you on that.

With regard to language change in the lands and waters objective, the objective was changed to better define and describe the approach of the Ministry of Natural Resources to the use of crown land. The words dropped were perceived by staff as too restrictive and possessive. The words that are now used, e.g., "facilitate", describe our interest in ensuring that crown land is put to the best possible use. The statements are consistent with what you have stated as the use. I think the word "facilitate" takes into account all the descriptions we used before.

The Acting Chairman: I appreciate your explanation, including the possessiveness of it.

Hon. Mr. Kerrio: In the question that relates to Red Lake 7, that is a very important subject. John Goodman, our director, is here. I think it is appropriate that he should respond. John is the director of the aviation and fire management centre in Sault Ste. Marie. There are many members who might want to ask questions. In keeping with Mr. Laughren's request, I guess we will have to minimize the questioning until the responses are all done. My people will be here. I imagine you will accept some supplementaries on a given subject.

Mr. Goodman: Mr. Chairman, you raised a number of concerns, and I will deal with each of

them very briefly. You raised the concern about the significant losses in wood fibre in the fire west of Red Lake. They were substantial; however, perhaps what has not been said is that the savings were also significant. Our analysis last summer indicated that because of the efforts made in suppression of that fire, in excess of \$200 million of fibre was saved. In addition, \$1.5 million worth of private property was saved. In terms of the suppression efforts made on Red Lake 7, we actually saved twice what was consumed.

In terms of the rapid response, you had a concern about business as usual. Perhaps the response was not as immediate as it should have been. I would like to think it was business as usual in that the ministry had predicted the weather for the day very accurately. They had predicted the number of fires that would arrive in that area. That day they predicted seven, and we had six new fires. We had pre-positioned our resources to deal with that.

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In terms of the response from detection, the first crew departed the Red Lake base within five minutes of the detection, and that is about the time it takes to start a helicopter and warm it up. The second crew departed four minutes thereafter; so there was an immediate response to the fire.

The water bombing was also immediate. There was a water bomber pre-positioned at the Red Lake dock, a Twin Otter, that was immediately dispatched. At the same time, heavy aircraft were dispatched from Kenora, Dryden and Winnipeg, all within 20 minutes of that fire being reported to us, so there was a rapid response to the fire.

You expressed a concern about the local public perception of what was going on. There certainly was and continues to be public concern about our action on that fire. As you may know, three meetings have been held in Red Lake with the chamber of commerce, the council of Red Lake and the Golden township council to discuss those concerns and attempt to come to some common understanding of what happened.

Since those meetings, each of those groups has recognized the situation and put forward some solid solutions for us. There is a follow-up meeting planned in Red Lake in March to report back to those three groups on the action on the action plan.

The Acting Chairman: I hope they attend.

Mr. Goodman: I plan to be there.

The Acting Chairman: I hope the local people attend, because they did walk out of that meeting in disgust.

Mr. Goodman: There were three meetings, all well attended. At the first meeting, there was in excess of 300 people. We met with the chamber of commerce, the town council and the township of Golden. From my perception, the meetings went well.

The Acting Chairman: There was a boycott of one meeting. The group walked out because the committee you had established would not make recommendations to the minister. They were just barely there, and the committee met with the chamber of commerce. The community refused to sit down with them.

Mr. Goodman: We may be confused on the meetings. The meetings I am talking about were after the Red Lake 7 board of review report was submitted and tabled. I think the meeting you are referring to was when the actual board of review went to Red Lake and attempted to meet with the interest groups. You are correct; there was at one time a boycott of that group.

Ms. Mogford: But as I recall, after that initial boycott, there were discussions and the group certainly wanted to come back after that and had quite a constructive meeting.

Mr. Goodman: Yes, those were the meetings I was referring to.

We also talked about night firefighting. I can report that night firefighting was done on Red Lake 7 and was done very effectively. We also had another pilot project under way in northwestern Ontario to move those yardsticks a little further.

Hon. Mr. Kerrio: Infrared detection was moved in as well.

Mr. Goodman: Yes, it was. The high-level infrared mapping was there on the third day of the fire.

Mr. Chairman, you talked about the lack of incentives for the ministry to put the fire out. I guess I have to say I do not agree with that premise. I hope I am allowed to say that, minister.

The Acting Chairman: Certainly.

Mr. Goodman: Our staff and other workers on that fire, and on other fires, the woods industry and local people, have their homes and livelihoods in those communities and have so much at stake that under no circumstances would they allow wood fibre to burn indiscriminately. At the same time, I would like to think our fire

management staff are professionals and would not tolerate that kind of attitude.

In terms of the commercial aircraft and helicopters and bulldozers, they are closely managed and only used where they are productive. I guess the final point is that where we do bring in people around the province from other areas, those folks are just as anxious to return to their families as the rest of us would be. I think there are lots of incentives to put fires out, and for me it is a nonissue.

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The Acting Chairman: I will discuss this with you at another date and in another forum.

Mr. Goodman: The other concern you raised was on the heavy water bomber system and the lack of spare parts and crews. I would like to report that this ministry's spare parts system is larger than the manufacturers'. It is the largest in the country. Any downtime experienced in 1986 was a result of manufacturer quality control and was minimal. In 1987, as a result of the Red Lake 7 action plan and recommendations, we made provisions for spare pilots to be available to man the CL-215 operation to provide us extended coverage.

Hon. Mr. Kerrio: Thank you very much. I could add a footnote to what John has said that is very important, a couple of personal observations. It is one of the fires I visited. I was very impressed with the time element, and this flies in the face of some of the comments. A comment was made that while the minister was there someone staged a lightning strike and a fire start right before our eyes. In fact, our aircraft radioed back to headquarters. We had a bird dog circling the fire within minutes to identify it and within another few minutes, a water bomber was deployed over the fire.

We talked about the chemical things when we were there. We had a problem with the gates on the nosewheel of the aircraft, and we talked about deploying them on the water if we could, to keep them working. However, it was obvious we could not, because these were protective devices for landing on the water. In every instance where I was exposed to the crews, everything that was done appeared to be done in a most efficient manner. In fact, I was pleased to commend our people with the way the fire was taken care of. Unless people could stage that lightning strike and some of the things that unfolded before my eyes, I was very much impressed with what went on.

I would certainly encourage you, as a member from that area, to feel free to talk to our people.

Any constructive criticism would be well accepted.

The Acting Chairman: I was on the fire myself.

The bottom line is that the losses were substantial in the Red Lake fire. The concerns are very real among the public, and there is a growing concern in the northwest about the size of the fires that are developing during the fire season. I leave that with you. It is a growing public concern.

Hon. Mr. Kerrio: John, maybe you would comment on that. On average, what are we talking about? That is a perception because of last year's—

The Acting Chairman: No. This is the last few years.

Hon. Mr. Kerrio: Take a 10-year span of losses. Would you speculate on what they have been over that time frame?

Mr. Goodman: They have been decreasing, running on a five-year average. Our initial attack success is running at 98.5 per cent. However, from time to time during special hazard conditions a fire does escape control and gets beyond us. As the chairman knows, we have hit some very large fires in that area and we have lost a lot of our cover. In terms of the overall success rate, it has been improving. On average, the actual hectares consumed have been declining.

Hon. Mr. Kerrio: We will be reaching our full complement of CL-215 water bombers next year.

Mr. Goodman: That is right. We take delivery of the last three in 1987.

Ms. Mogford: Perhaps John could share with us the number of fires last year that were successfully suppressed.

Mr. Goodman: Of 1,088 fires, where we had to make an aggressive initial attack, we lost 1.5 per cent of those on initial attack; so we lost something in the order of 15 or 16 fires. By the way, that initial attack success rate is the best in the country. We also have some of the most hazardous boreal forest in the country in northwestern Ontario, on shallow soils. When it dries out with the prairie weather system, it presents a very explosive situation.

The Acting Chairman: If you have more fires like number 7 you will not have much to protect.

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Mr. Villeneuve: One supplementary on that: what is the full complement of aircraft for water bombing; how many?

Mr. Goodman: The water bombing aircraft alone? We operate six Twin Otter fire bombers in the field. In 1987, we will operate six 215s; that will be increased to nine in 1988. In the 1987 fire season, we will have two contract PBY Cansos.

Mr. Villeneuve: So in working condition you would have available 11 water bombers?

Mr. Goodman: Plus four single-engine Otters of smaller capacity; so there are 15, actually.

Mr. Villeneuve: Maximum.

Mr. Goodman: Yes, except we are members of the Canadian Interagency Forest Fire Centre in Winnipeg, which is a national corporation for co-ordinating the fire response around the country. We have available to us the entire national water bombing fleet. We could have at any one time aircraft from Alberta, British Columbia or Newfoundland working in Ontario. The numbers vary as the need varies.

Mr. Villeneuve: But readily available to the ministry would be 15 aircraft of different sizes, both owned by the ministry and under contract through the ministry?

Mr. Goodman: Yes, that is correct.

Hon. Mr. Kerrio: That pretty well covers the questions that the official opposition critic raised. I am prepared to start responding to Mr. Laughren's submission.

We have talked a little bit about your last comments. Initially, I would like to respond and talk about the ministry and a commitment to make the public of Ontario very much involved in the management of crown resources. That is one of the areas you had some concern about, that when we have those kinds of open houses and public involvement it is a very wise step forward.

I feel we have entered a new era of forestry activities in the planning, the process and the rationale behind the decisions, and those certainly are laid wide open to public scrutiny. We are meeting a challenge that you, as an individual, have put forward over the years; maybe not to the degree that would satisfy you but I hope you will consider that we are certainly moving in that direction.

As I said, the first provincial auditor's report was tabled immediately, to the consternation of a few people; but there is a commitment that those things are going to be made public as we receive them or within a reasonable length of time. The release of the five-year reviews of five forest management agreements, I think, should prove we are prepared to do that in all future reviews.

We have some question, as you have, with the Baskerville report. We brought in Dean Basker-

ville, and that was one of the first times we had brought in a man of his stature from outside, to take a good look at how we manage the forest resources. That was an initial step because it led to taking into account some of the comments you did bring to mind. In a sense that was dealt with by Dr. Baskerville's having a meeting with some 60 of my people in my ministry after his report came down. Anyone's human reaction when you are criticized is to step back a step and say, "It seems constructive and we will address ourselves to it." Within a 60-day time frame, we came back with an action plan which in a sense addressed itself to some of the questions that were very appropriately put by the official critic as well and had to do with our timber management and our audit.

When I was making every effort to explain that the audit in a sense was there more to audit the system and what we were using for numbers than it was to go out and count the trees, it seems your comments did have a reaction; and that is we have addressed this matter in the action plan by bringing together two well-respected professors in this province, Dr. Kayll and Dr. Rosehart, among other things to look specifically at the question of whether there should be audits made, as you have described them, in real depth. I invite you and the other critic to address the question and to talk to Dr. Rosehart and Dr. Kayll, who are charged with the responsibility of maximizing the use of our wood so that we use it to the highest resource efficiency. Those are two important aspects that we have put two people in charge of. I suppose that also indicates the public has become very much involved in the process, and I would like to summarize a few places where that is possible for everyone, including the people here and citizens who have interest in that whole resource.

In the crown forests there are some 100 work areas that we describe as management units. Some of them, of course, the ministry manages. Others are managed in co-operation with forest companies, generally through a forest management agreement or the new FMA process. I think on the point of the FMAs, there is a very important image of what is happening out there that could lead to some criticism if you want to talk about the numbers of trees planted as opposed to what I think is a major step forward.

When we heard some of those catch phrases that said there would be two trees for one, or three or four or any number of trees for one, that in the first instance meant that somebody went out there and planted a tree, but a forester would

be more concerned about whether that tree would reach the stage of use; I am not thinking primarily of any particular use, but maybe a use that has a broader dimension, whether it could be used in parks or for lumber or for any other purpose. We are looking now at doing a more intensive kind of forestry where we talk about prime sites, about the ability to get to places now to tend and improve the area we plant, to prepare it.

The new concept of free-to-grow means the tree has reached a stage where it has defeated the competing vegetation—and that free-to-grow stage might be in the order of five years or so—and is of a size where the percentage of that tree reaching maturity is maybe a hundredfold more guaranteed than just the planting of a tree, seeding or however you want to describe it. That is a very major step forward.

When the plans are put forward—and I recall some criticism you raised about specifics—I hope that in the future we will look not at specific numbers or acreage but at the quality and all of that new direction that has to do with forest management agreements.

We have advertised in the newspapers and asked people to participate. All of that will be taken into account. The open houses and displays that we have put on are very important. I think people even close to the industry in northern Ontario were in many instances not privileged to participate.

I have a serious problem with the perception of the forest industry, and we are trying to change that. I went down last week to Montreal to kick off a conference of forest ministers from across Canada on a new process of public information, federally and provincially, about what we do, our willingness to talk about a class environmental assessment and our willingness in certain specific instances, as we have done on the Red Squirrel Road, to look at doing what I think is important and appropriate to public input.

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Mr. Laughren: Speaking of which—

Hon. Mr. Kerrio: We will go into depth on some of these areas. In a sense, I am thinking in terms of some of the perceptions we have to dispel. Forestry is one of the kinds of agricultural undertakings that is not looked at in that light. Maybe it is because it sometimes takes 50 or 60 years to grow trees to proportions where we want to use them. Public perception of that whole thing has to be turned around if we are going to go into a new program to prepare the ground, implant and tend, which is another important

factor, to the degree that the people who till the soil do for agricultural products.

We have to turn around the perception of forestry that people have when we mention the word "clear-cutting," which happened in the past and should not happen again, as opposed to when we talk in terms of agriculture where it is perceived as a nice field of grain or as a nice agricultural product; it is hardly ever shown after the harvest when the stubble is left on the field. This government has a new will to look at doing things in a much more acceptable way, but you still have to be brought on side. If you deluge us about the numbers of trees and those kinds of things, those things will interfere with what we are trying to do in this whole process.

I certainly want to talk about your input and the other critic's input because you are both northern people and have a good feeling about that whole perception of forestry. We have prepared the renewals in a drastically different way, depending on the type of forest we have to deal with when we talk about hardwoods and the even-age management to which we have to address ourselves. For this reason, the management is broken down into selective and improved cutting options, which we are looking at. Even-age management has other options and the reporting on that will be different.

I could talk about a lot of the things that are being done in the area of advanced technology and bare root container involvement and some of the things that are being done that are going to add a great advantage in this whole area of forest management.

I am asking you to examine these things carefully. We want you to have full advantage of the people we have in the ministry. I am not anxious to prove that after the two years I have been here I now am a forester or anything else. I am anxious to manage these resources in the best way I can for the people of the province. With perceptions as they are, I am most anxious for people to look at our new direction and to take those things into account when they criticize, I hope in a constructive way, as to how we can improve those conditions.

On other areas of questioning, it is a little early for me to respond to some of your questions that require some research. You would be interested in examining this timber management planning manual and I am going to share it with you. I will give one to the chairman and critic.

Responding off the top of my head to some of the questions you have raised about other areas having to do with parks, I have a feeling about

parks. It plagues me as to where we are going. I am very frank and honest when I tell you that when I came on the scene, it appeared there was a consensus. There have been some changes with some people wanting to reopen and re-examine—

Mr. Laughren: Including you.

Hon. Mr. Kerrio: That is right. You made comments about forestry. Here we are, the Ministry of Natural Resources, immediately agreeing that there would be no lumbering in provincial parks. If our motives were strictly selfish we would be saying, "Damn it, we should be able to go in there," and give you a hundred reasons why; but there should not be mining or these other things in provincial parks. We immediately agreed that we would take the lumbering out of those selected areas, and that is the one we are in charge of.

Having said that, you said we put in dams. That is doing something that you accused me of when we put out our brochure on spraying, that we were taking unfair advantage of the wording. I am not talking about dams per se; I am talking about a sensible generating of hydraulic power. The reason I say it now becomes more focused is that in the last year or year and a half the whole thing has changed out there and I have to respond accordingly.

I have to share with you the fact that, yes, I was a minister who came on the scene who made more of an issue of getting back into the parks than former ministers because we were faced at the same time with great resistance out there to nuclear or to coal-fired which has such a terrible impact on the environment. I have to think that the most interested environmental people would say that they would rather have a hydraulic plant in an environment, to protect the environment, than to have a coal-fired plant and acid rain. Those things and the perceptions change to the point where we are not hard and fast about it; we put it on the table for people to comment on.

I guess that is where I am with that issue. That whole involvement with nonconforming uses in parks and the relationship we have not addressed and made a decision on is certainly one that we are working on. Yes, I did slow it down, to try to take into account some of the questions you raised.

Norm Richards is here. The time being what it is, maybe at the next meeting you might want to hear from him and pose some of these questions directly as to how we are moving in that direction because of his responsibility as director of parks and recreational areas. I will pass that one for now because I want to have someone here who

will deal with that issue and I will do the same with environmental assessment.

You also raised the subject of wetlands, which we talked about a little at the time you raised it. I am thinking about a forum I attended with the naturalists in Barrie or Orillia when I first came on the scene and was questioned about this wetlands circumstance. One thing I can share with you that has happened there is that I was not satisfied with the time frame and was very anxious to move it forward. Sometimes that is easier said than done, but that was one of the things I asked our people to do. I do not know whether Ms. Mogford has any comments about wetlands and where we are with the assessment and taking inventory of the wetlands.

Ms. Mogford: Minister, I think you have described it very well in terms of the approach we have taken. For more specifics, we should ask Don Simkin, director of the wildlife branch, to come forward. I do not know whether we have time today.

Hon. Mr. Kerrio: On that one issue, maybe it would be appropriate to do that. I think it is very short.

Mr. Laughren: Okay, but you may want to wait until the next day because of something I am concerned about. I think there is an arrangement between Ducks Unlimited and the Ministry of Natural Resources. What is the other one?

Ms. Mogford: Wildlife Habitat Canada.

Mr. Laughren: Wildlife Habitat Canada. I am concerned about the arrangement to spend \$1 million or something over a three-year period.

Hon. Mr. Kerrio: Yes.

Mr. Laughren: The first year is up or almost up and almost nothing has been spent; yet the expenditure is driven by the Ministry of Natural Resources, not by the other two groups, so we do not know what is happening there.

Hon. Mr. Kerrio: Maybe it is appropriate that you put that question. It will give Mr. Simkin time. When we come back we can address ourselves to numbers and that question.

Is there anything else on your list that we could come back with that would require our doing some research and examination?

Mr. Laughren: I would like to know very briefly what is going on at the Maple research facility. I would like some kind of comment about whether you have made any commitment to the federal government on chemical spraying. I would like an update on the progress I assume you have made with the deputy on affirmative action within your ministry.

Hon. Mr. Kerrio: We can get one of them right off the list. I think you will accept this as an answer. The federal government is requesting some research spraying. It is going to go to the cabinet level. It has not been dealt with. There is no answer to it yet. As soon as we deal with the issue, I will certainly share it with you.

Mr. Laughren: You will do the right thing?

Hon. Mr. Kerrio: Certainly we are going to do the right thing.

The Acting Chairman: I am sure you will do the right thing.

Hon. Mr. Kerrio: Every once in a while the federal people initiate something worth while.

The Acting Chairman: I guess Mr. Lane is still the next speaker when we come around to him. Are you going to finish Mr. Laughren's questions?

Hon. Mr. Kerrio: Yes, when we come back. The committee adjourned at 12 noon.

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Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Natural Resources



Second Session, 33rd Parliament
Thursday, February 5, 1987
Morning Sitting

Speaker: Honourable H. A. Edighoffer
Clerk of the House: C. L. DesRosiers

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday, February 5, 1987

The committee met at 10:07 a.m. in room 228.

ESTIMATES, MINISTRY OF NATURAL RESOURCES (continued)

On vote 2301, ministry administration program:

Mr. Chairman: We are on vote 2301 of the estimates. We had one set of supplementary estimates referred to us previously. Yesterday we had referred us to another set of supplementary estimates, which will be distributed to the members shortly. We have the three to consider today in the next couple of hours.

There are those who have been on the list for a long time to ask some questions. Mr. Laughren still has some unanswered questions from the minister.

Mr. Laughren: You are not kidding.

Mr. Chairman: No editorial comment, please, Mr. Laughren. Mr. Laughren has to leave at 10:30 this morning and he may have great difficulty getting back on the agenda. I have Mr. Lane and Mr. Pollock at 10:30, starting with Mr. Lane. Mr. Laughren, that will be the order of the day. If there is time, we will get back to you.

Hon. Mr. Kerrio: There were some outstanding questions that were raised by Mr. Laughren that I was going to respond to and my staff will respond to others. We will keep that to a reasonable minimum so that we can go through them and then get on with some of the other questions.

One of the questions left on Mr. Laughren's list, in the order I have them, is affirmative action. We have with us my assistant deputy minister of administration, Rick Monzon, who will respond to the affirmative action program question.

There is one other comment I would like to make, bearing on the affirmative action program. I do not have the information before me because it is not in these estimates. I want to share with you where we are going in that secretariat and I will do that a little later on.

Mr. Monzon: Let me respond to the request about affirmative action by giving you a bit of an overview about the program in the ministry.

Then if there are specifics that occur as a result of that, please feel free to question further.

Let me start with a look at the executive of the ministry, those positions of director and up, classified in the executive compensation plan. At this point, there are some seven positions in the ministry in that executive compensation plan series occupied by women, starting with our deputy minister, Mary Mogford. Michele Fordyce is currently the regional director in the central region. As of March 1 of this year, for your information, she will be assuming the position of executive co-ordinator, finance and administration, here in main office.

Valerie Chavossy is the acting director of our communication services branch. Sherry Yundt is the director of our land management branch. Amber Armitage is the director of financial resources. Pamela Bryant is the acting director of our administration services branch and Rae Booth-Horst is the acting director of management planning and analysis. There are seven positions in that executive series that are occupied by women.

With respect to the overall funding of the program within the ministry, the office of affirmative action is located here in Toronto, although the program is a decentralized one. I can give you at this point the funding for the office portion in the main office. That would not include any moneys that are allocated and spent on the program in the various regions and districts.

Salaries and benefits in the main office for 1986-87 are in the order of \$124,400. The staff strength is four: two classified positions and two unclassified. The direct operating allotment for 1986-87 is some \$29,000; so we have a total budget allocation of some \$153,600.

Over the 1986-87 fiscal year, a number of things have happened. Let me try to recap them for you. Very succinctly, from April 1 to January 30, the number of women hired or promoted into underrepresented categories and modules was 18. What we mean by that is that there is an exercise and effort under way in the public service to move women into the untraditional categories or modules, to move them into the biologist and professional positions.

Let me look at some of the areas here and give you the summary of what has happened in this first nine months. In the scientific and professional category, we have women now as a protection liaison officer, a biologist, two Indian land claims researchers, a silvicultural forester, a management forester, a parks planner and a resource manager. In the technical services category, we have a public lands administrator.

Mr. Laughren: I am sorry to interrupt you, Mr. Monzon, because I appreciate the information you are giving. Without it being in some kind of context, it does not mean much to somebody like me who wants to know what kind of progress we are making. I do not blame Mr. Monzon for that, but rather than going through this, you must have grandiose organization charts of the ministry which show how the different branches are organized and what the hierarchy is within those branches.

I commend both the Premier (Mr. Peterson) and the minister for having Mary Mogford as the deputy. In a ministry such as the Ministry of Natural Resources, that sends out a very good signal. I mean that, but I am worried that is not sort of: "We can now rest on our laurels. We have done that." I was interested in how it is broken down in the rest of the ministry, if it is possible to get that, not necessarily today, but at some point.

Hon. Mr. Kerrio: Rick Monzon will go into it in some detail with you. What I am going to offer here, because of the time constraints, is briefly on my part to tell you that we have a very important rule relating to the affirmative action program, not only in my ministry but as a government initiative. With respect to the objectives from 1987 to 1990, if you are satisfied for us to send that information along, having said that our policy is to have that integrated in a meaningful way and that there is substantial new money in the directorate to do it, we will supply you with that information, as we will with anything else that you are not satisfied has been carried through with some kind of depth today.

Mr. Laughren: I am concerned about positions such as district managers, for example. That is the kind of information that would be nice to have. That is why I am using the organization chart as an example. It would show the kind of real, on-the-ground changes that are taking place.

Hon. Mr. Kerrio: Rick, we could undertake to provide that to the member?

Mr. Monzon: Yes, no problem.

Hon. Mr. Kerrio: If you want to choose the areas that you want us to touch on before we move away, I will leave it to you, because I have quite a number of areas.

One of the important ones we wanted to talk about, which I would like my people to identify with you, is the timber management assessment and Red Squirrel Road. I have a director of policy and planning here. I would like Mr. Douglas to come forward. He will make a brief overview, and you can question him on that issue.

Mr. Laughren: There is that and there is the question of what is going on in Kesagami Lake Park, the James Auld Waterway Park, LaVerendrye Park, where mining apparently is busy. I do not think you have appropriately addressed the question of spraying of chemicals and the request of the federal government. I am concerned about the price of leases in Algonquin Park. I am concerned about the intervener funding and the location of the hearings for the class environmental assessment for forestry, and the wetlands agreement where it looks as if no money is being spent. It is your initiative to make sure that it happens. Those are some of the issues.

Hon. Mr. Kerrio: All right. Let me set aside one very quickly. If I make this comment and if you want a brief question on it, I will tell you where we are.

The policy of the government on spraying is to spray with Bt only. There is a request from the federal government to do some research, which has not yet been addressed nor any decision made.

Mr. Laughren: When are you making that decision? You should make it pretty soon.

Hon. Mr. Kerrio: Yes, I think it will be.

Mr. Laughren: Why are you ambivalent? You made the policy. Stick with it.

Hon. Mr. Kerrio: One is not connected to the other. The policy, the \$18-million spray program, is to use Bt only. The degree to which we want to get involved in research is one that we have to decide.

Mr. Laughren: As long as you keep leaving that door open, you are going to be subjected to scepticism, and appropriately so.

Hon. Mr. Kerrio: I appreciate that and I appreciate your comments. I am saying that is where it is. You will be the first to know.

Mr. Laughren: Right. Tell Leo Bernier too.

Hon. Mr. Kerrio: Larry, do you want to talk about our environmental assessment and a couple of other questions that Mr. Laughren had?

Mr. Douglas: I have four questions that were raised last time. The first question was, will there be intervener funding, and if so, how much? First, there is no overall government policy on intervener funding. Consequently, a special request was considered by the Ministry of the Environment and the Ministry of Natural Resources in terms of the timber management environmental assessment. The two ministries have agreed in this special case to provide the funding. MNR's participation is contingent upon the two ministries agreeing upon eligibility criteria. Discussions are ongoing at the two ministries, but details have yet to be finalized.

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Mr. Laughren: What about?

Mr. Douglas: Until the eligibility criteria are settled, I suspect those discussions will continue.

Mr. Laughren: Where did the \$50,000 each come from? Out of my head?

Mr. Douglas: No. Those were based on assumptions of agreement about eligibility.

Mr. Laughren: But those are heroic assumptions at this point.

Mr. Douglas: I believe they are realistic assumptions.

Mr. Laughren: They are not realistic sums, but they are realistic assumptions.

Mr. Douglas: The lawyers report that the details are all but worked out.

Hon. Mr. Kerrio: Unless you have more information than we do.

Mr. Laughren: You have more information than I do, because I do not know where you are going to hold these hearings. If these hearings are all held in Thunder Bay and the advocates want to send legal people and so forth to intervene, that money is going to disappear very quickly. Mr. Sterling knows the price of lawyers. This is an inadequate amount of money for serious intervening in a very legalistic process.

Hon. Mr. Kerrio: That is what we are talking about in the criteria.

Mr. Douglas: If you want me to jump to where the hearings will be held, the minister is on record at the Woodshock conference as indicating that the preference would be to have the majority of the hearings in northern Ontario, where the activity takes place. We do not have the final say on that. We would make recommendations to the Environmental Assessment Board, and the board itself would set the venue for the hearings.

Mr. Laughren: I am sorry. I was not laughing at your answer. Mr. Sterling was being provocative in sending me notes.

Hon. Mr. Kerrio: Where do you want to have the hearings?

Mr. Laughren: That is a good question. I agree with you that the majority of the hearings should be in the north, but I feel very strongly that there should be time set aside in Toronto. This is where a lot of the interest groups are headquartered, as is the rest of the world. I really feel very strongly that we need to have hearings in Toronto.

Hon. Mr. Kerrio: I would hope they take the initiative this government is taking and move those things that properly belong in the north to northern Ontario.

Mr. Laughren: Like the Ministry of Natural Resources.

Hon. Mr. Kerrio: Where is Leo when I need him?

Mr. Laughren: Like the Mowat Block?

Hon. Mr. Kerrio: Whatever.

Mr. Laughren: The Whitney Block.

Hon. Mr. Kerrio: I appreciate what you are saying. I imagine that kind of question will be raised in deciding.

Mr. Douglas: Yes. There are pre-hearings, which the board uses to get a feeling of where the interest is and the position of the various parties. I am sure they will hear all sides and make a wise decision, based on the advice they get.

Mr. Laughren, you also raised the question about the amendments MNR is currently making to its environmental assessment. We are making amendments based on the government review of the document. We are not finished yet. When we are finished, we will certainly send them out to all who have been involved in the pre-submission consultation. As you may recall, when we submitted the document to the Ministry of the Environment about a year ago, we automatically sent it to all the people who had participated or who had expressed interest to us. We will continue to do that.

Mr. Laughren: Did you say you would forward those amendments to me?

Mr. Douglas: We will. We are not finished with those yet. They are in draft form.

Mr. Laughren: It is hard for these people to try to anticipate what you are doing. Then suddenly they are into the intervener process, a process that is amended before they get a chance

to do serious work on it. This is not fair to them. You are holding all the cards.

Mr. Douglas: The process is set up in such a way that there is an emphasis on trying to resolve issues as they go to the hearings, so the hearings themselves do not take as long.

The first step is trying to sort it out among the various government ministries, which we are doing. We are also responding, for example, to the audit by Dean Baskerville. We are making some changes based on the commitment the minister made with respect to Dr. Baskerville.

Once the government hearings are finished, there is an opportunity for public review. Before we get to hearings, there is an intervening opportunity to sit down with some of the parties to try to work out details in order to reduce the number of items that get discussed at the hearings. We try to resolve as many things outside the hearings as possible in order to reduce the cost of the hearings to all parties involved.

The final question we have is how long it will take MNR to present its case at the hearings. The answer comes back to how much can get resolved before we get to the hearings. The ministry's position is that it would like to resolve as much as possible, but there are these three stages: government review, public review and that period before you get to the hearings in which the lawyers for the parties get together and try to pare down those issues to ones that are major and outstanding.

Hon. Mr. Kerrio: Thank you very much. You had other outstanding questions?

Mr. Laughren: Yes. There was the question about the park at Kesagami Lake. I saw the spreadsheet that said what was going to be allowed to go on in that park. One of the things was that there would be a commercial establishment run by natives only; I think that was the expression, "natives only." I wonder if that is true. Has that really happened? Is that who runs the lodge there? To my knowledge, it is the only park in Ontario that has a liquor licence in it. Anyway, that is all very strange.

Hon. Mr. Kerrio: Norm Richards could answer that question for us.

Mr. Laughren: Right.

Hon. Mr. Kerrio: I cannot answer the question as to whether there are any other liquor licences in the parks. I am not sure.

Mr. Laughren: Mr. Richards knows all the lodges.

Hon. Mr. Kerrio: Some of the lodges have liquor licences, I imagine.

Mr. Richards: In the interests of tourism in the north, the decision was made through land use planning in 1983 that a tourist operation would remain within Kesagami Lake Wilderness Park. At that time, it was a native operation and had been operated as a traditional use since 1967. There was a change in 1984 from native operation, and the idea once again was to look after the tourism objective. There was an opportunity to enhance and improve the quality of that establishment and that has happened over the last two years. We do have a quality tourist operation within the park now.

With respect to the sale of liquor, at that time it was deemed necessary for the operator to have a liquor licence. He did make a submission for a liquor licence in 1984. There was a public hearing with respect to the licence at that time. There was no adverse reaction, and at the same time, we were trying to get an amendment through the Provincial Parks Act to permit the licensing. With the change in government, that amendment has not gone through at this point. We are currently reviewing the situation.

Mr. Laughren: What is it you are reviewing, specifically?

Mr. Richards: We are reviewing the situation with respect to having to deal with the liquor licence if we do not get the amendment through. I guess what we are having problems with is that the tourist operator obviously needs that for the operation and we are trying to get that rectified at this time.

Mr. Laughren: What about the natives-only aspect of that lodge, or is that what you are talking about?

Mr. Richards: That was what I was talking about originally, yes. The native operation was having problems keeping it up to scratch, and there was an opportunity for change of ownership to increase the quality. That is what we are after in the provincial parks system, to make sure we have quality facilities, and we have one now.

Mr. Laughren: All I am worried about is other people using this as a precedent or some kind of benchmark. Suddenly, you have all the provincial parks thrown into that—a bidding war for liquor licences in lodges. I am concerned about that.

What about LaVerendrye park? I understood there was to be no mining in there and yet I think a licence to develop a mine was given. Do you know about that?

Mr. Richards: Yes; that was done in 1983. At present, we are going through a park manage-

ment planning process involving public consultation. We are looking at options with respect to dealing with that situation. What is probably going to happen is that part of the park corridor will be taken out along with several other areas along the river where there are private holdings.

Mr. Laughren: Taken out of the park?

Mr. Richards: Yes.

1030

Mr. Laughren: You do not stop the mining? You take it out of the park? That is a pretty neat way of—

Mr. Richards: That is involved with the whole issue of permitted uses in all of the new parks too, which we are still waiting for a decision on.

Mr. Laughren: Is Mr. Richards the right person to ask when all this is going to happen, or should I ask that of the minister?

Mr. Richards: The minister can answer you.

Mr. Laughren: Okay. I do not want to ask Mr. Richards a policy question.

Hon. Mr. Kerrio: I thought I answered that question some sessions ago, where I said that, for reasons I had described, we are taking another look at that whole direction and certainly attempting to do everything we can to resolve these issues in a way acceptable to as many people as possible.

We did have that kind of arrangement, and you have to admit there were second thoughts about it and pressures were brought to bear. We are now taking a good look at it and taking into account some of the things that are being said by people on the other side.

There is a great diversity of feeling about where we should be going among members in the Legislature. We are trying to function in a way that will take into account the people who have an interest in the use of the park.

Mr. Laughren: There is not as much diversity as you would have us all believe. We went through that the last day. I will not belabour the point.

Hon. Mr. Kerrio: I want to put this right back on the table squarely. I am not too pleased about what unfolded. You are saying there is not as much as I would lead you to believe.

Mr. Laughren: No. You try to play the game with northern Ontario once everything in our parks is gone.

Hon. Mr. Kerrio: You can describe it as playing a game, but when you have different people who are taxpayers and have every right to

some of these uses as well as a right to have something to say, it is not playing a game; it is trying to identify with a whole new concept, that a lot more people have time for recreational activities and there is a lot more diversity of use. That is what we are dealing with. I tell you frankly I am trying to do what can be done to satisfy as many people as we can.

Mr. Laughren: I do not think I am being unreasonable. When I and others ask that 95 per cent of Ontario be dealt with the way you would like to deal with it and that the other five per cent be dealt with as parks should be dealt with, I think that is a most reasonable request. But you always imply, or you tend to imply, that there is all this demand out there to use this five per cent, which is all we are talking about; that there are all these legitimate demands on it and so forth. Sure there are, but we are talking about only five per cent of the land mass. I think it is not inappropriate or unreasonable to preserve that.

I was looking at the James Auld Waterway Park, and here is a letter you or your ministry wrote, saying, "Traditional uses of the waterway for such activities as fishing, hunting, trapping, boating and water sports will not be affected." You throw open the debate. It is almost like the way you treat the spraying issue. You make statements and then you leave all these gaps open to interpretation as to what can go on. When you do that, guess what happens? It is like mining in LaVerendrye park; you say there will not be any mining, but then exploration goes on. If you allow exploration in a park, how the heck can you stop it if they discover something? You cannot do it.

Hon. Mr. Kerrio: Yes. I guess in northern Ontario, if you found a good find that was going to put a lot of people to work, it would be hard to pin it down.

Mr. Laughren: That is absolutely correct. But there is another thing you people do not deal with fairly. When those parks were being negotiated, an enormous number—I think about half the area—was already taken out of what was being considered for park areas; so what you are left with is a real condensation. Do not forget that. It is unfair to say what you just said. Job creation in northern Ontario has become the last refuge of the scoundrel, and every time you want to do something you say, "Well, what about the jobs?" It is like Kimberly-Clark. You can play that game, if you like.

Hon. Mr. Kerrio: We did not play that game. You had two people in your party come down, one on each side of that issue.

Mr. Laughren: It is not worthy of a minister to play that game.

Hon. Mr. Kerrio: I am not playing a game. Let us go right back to a comment you made that I have to bring right back on the table. You had two members get up and question Kimberly-Clark. One came down on the side of keeping the jobs and the other one demanded it clean up the environment. That is playing a game too.

Mr. Laughren: That is so close to being an untruth that the minister really tempts me.

Hon. Mr. Kerrio: Are you saying it did not happen that someone in your party asked to protect the jobs while another one said he demanded a cleanup of the environment?

Mr. Laughren: I am saying that is a distortion of what was said in the Legislature.

Hon. Mr. Kerrio: That is what you do when you say I am playing games, and I do not accept that.

Mr. Laughren: I know what you are talking about. You are talking about Mr. Pouliot, who represents the riding of Lake Nipigon—

Hon. Mr. Kerrio: He had every right to make his point, as Mrs. Grier had to make hers.

Mr. Laughren: Kimberly-Clark operates in Terrace Bay. Mr. Pouliot said, “Would you make sure when you impose a control order on Kimberly-Clark that the jobs are protected?”

Hon. Mr. Kerrio: There you are. There is the dichotomy right in that sentence. What are you telling me now?

Mr. Laughren: I am telling you that both can be done; that is what I am telling you.

Hon. Mr. Kerrio: And that is what I am telling you about multiple use of the parks. Both can be done.

Mr. Laughren: What you are really saying is that it is jobs or the economy, are you not? Is that what you are telling us?

Hon. Mr. Kerrio: No. I want both.

Mr. Laughren: That is all Mr. Pouliot is saying.

Hon. Mr. Kerrio: Yes, and that is all I am saying about the use of parks. That is precisely what I am saying about the use of parks. We can do both.

Mr. Laughren: You cannot do both in a park. How can you have the integrity of a park and have a mine in it?

Hon. Mr. Kerrio: We are going to try.

Mr. Laughren: That is what bothers me. I should go now. The chiefs of Ontario are

waiting. I do not want to keep them waiting any longer. We dealt with the Indian fishing agreement in the Premier's estimates yesterday afternoon.

Hon. Mr. Kerrio: I hope you are going to be helpful there.

Mr. Laughren: I very much hope so. I think there are some people who are not being helpful.

Hon. Mr. Kerrio: It is an important decision. We need everyone to help us with that.

Mr. Laughren: I agree with you totally on that. There is something on which we might be able to agree.

Hon. Mr. Kerrio: That is a good note to close on.

Mr. Laughren: I will come back. Thank you for your time.

Hon. Mr. Kerrio: I want you to take advantage of what I have said; on any of your issues we can share with our people, I am fully prepared to get them off to you.

Mr. Chairman: Which means he is going to give you written answers for any of the questions that are currently unanswered.

Mr. Lane: I will be as quick as I can. If the minister does not make his answers long, we should get through this pretty fast. I have several matters I would like to bring to your attention.

First, I want to compliment you on your district manager in Espanola, Mr. Arbuckle, and your game and fish overseer, Don Hughson. These guys have done one hell of a job in that area. Because of Don Hughson, we have on Manitoulin maybe the best deer herd and the best deer hunting system anywhere in this province. He sat down with me and local people and we worked it out. It is really important to people like myself to have somebody in the district office you can work with. When I had to work with the people in Sudbury, great people though they were, they were too far away, there were too many things to do and you could not really deal on a man-to-man basis. These guys have done a great job. I deal with them a little in Blind River, but the personnel was changed more often there, and I have not got the same feel for the people that I have in Espanola. I just wanted to tell you that. It has been excellent.

On the other thing, I think I know the answer to it, and I am just going to get you to clarify. Mr. Pope promised me a hatchery on the Blue Jay Creek three or four years ago; it is not there yet. I understand the delay has been to see what the results of the cage program at Little Current are before making any decision on the hatchery, and

that is being carried out by the Espanola office. That is what I understand is the situation.

Hon. Mr. Kerrio: I would like to get a little information. Is Tim Millard here? Here he is. We can deal with it right now, if you will, and then you can question me if you like. Could you put the question again?

1040

Mr. Lane: About three or four years ago, Mr. Pope promised we would have a new hatchery on the Blue Jay Creek and now we have the cage program going on at Swift Current. I assume one is related to the other; if one is a success, then the other will follow according to what is needed. That is the holdup, I understand.

Mr. Millard: Very much so. I apologize for having missed the beginning of the question, but the intent at Blue Jay Creek was to establish a full early-rearing facility plus a mature-rearing facility for fish. Then we became intrigued with the technology of cage culture, which you have seen practised on the west coast, in particular, for salmon. We adapted the technology with the very real assistance of the private sector, which had done some work in Parry Sound with us and had developed the technology. We were able to borrow from that technology and apply it in the Swift Current area to the cage culture of splake, and we have had excellent results with the splake-lake trout backcross.

In fact, we can now mature or raise splake in one growing period to the point where in the fall of the first year they are the same size in the cages that they are the following year in our traditional hatchery facility. What we will be able to do, and we have allocated money this year, in 1987-88, is to start the water collection facilities and start the early-rearing facility for Blue Jay Creek. We hope that the adults will all be raised in cages and that we will be able to speed up by a full year our process of lake trout backcross introductions into the Great Lakes. We will be able to plant them almost a year earlier than we have been able to traditionally.

Mr. Lane: Thank you very much. That is a good answer, and I have every reason to understand the delay in the hatchery because that makes sense.

There are several things I would like to touch on because they have been of concern for a long time. One is to try to prevent the waste of forest products. All the time I have been here I have been talking about this, and we still seem to have too damned much waste in the forest industry. If a logging company goes through it takes out

timber for pulp, logs and so forth, but there is a lot of waste.

Just to prove the point, about three years ago a student in my area took advantage of the student venture capital program, where you get a couple of thousand dollars interest-free for six months to see what you can do with it. He followed a timber company—of course, the roads were all there and everything; he bought a chainsaw, some axes, gas cans, an old truck and so forth—and carried out seven cords a day of stove wood or firewood. He was able to sell that, pay off his loan, own his equipment and have a nice bank account at the end of the time. All that wood would otherwise have been wasted. I would like to think, now that there is a demand for firewood, either for fireplaces or by people heating their homes with it, that we would not waste the wood that is out there.

Hon. Mr. Kerrio: I suppose the first comment I would make has to do with the action plan that stemmed from Dr. Baskerville's report, and that has to do with the highest use of our timber in that aspect of it.

To deal with the issue you are talking about, I have Mr. Schafer here. He is with our forest resources group. He might share with you his concerns related to that question of recutting some of the areas that have been cut.

Mr. Schafer: In some areas of the province, with some companies, that is an ongoing problem. We have the legislation, the Crown Timber Act, which deals with those kinds of wasteful practices, and it is a continuing job. In some cases, however, some of that slash is related to unwanted species—poplar and white birch—which there is no market for in your part of the world. If that is used for fuel wood, that is great.

The problem across Ontario is being reduced with the signing of forest management agreements, and the company that does the logging is responsible for establishing that second crop or the tree planting. If big tops or high stumps, those kinds of things, are in the road, they add to the cost of reforestation, so we find there is an incentive to reduce that kind of waste, and it is happening at a good rate.

Mr. Lane: I think it could happen more, and I think it should happen at the time the logging is being carried on, because the roads are there and the traffic can go and take out the stove wood, the firewood. He does not have to clean out the roads, otherwise, he could not afford to do it. I think it is a make-job situation and it is not wasting the wood. It is a cash flow situation too,

because wood is \$50 a cord in some places, but anywhere from \$25 to \$50 a cord. I would just like to say that as much as possible, we should not be wasting any of our wood.

Hon. Mr. Kerrio: I mentioned Dr. Kayll before. In a major initiative improving the utilization of that allocation is one that was pointed up in the Baskerville report, and we have related to it in the action undertaking. As I said before, Dr. Kayll would probably extend the ultimate utilization of timber into the area we are talking about. In fact, we will talk about it with him.

Mr. Lane: Thank you.

The next matter I want to talk about is still about the forest business. It seems to me that over the years the ministry has had to worry about wood for the sawmills, the pulp industry and so forth. With the expansion of tourism and plans to provide better hunting and so on, I think we have to slice the pie into more pieces.

I think it is necessary that we assess the potential for good tourist development and not take the timber from that area, because people are not going to go into an area where there is a bunch of stumps. Beautiful trees are a real asset to tourist development. Now that our future hangs on tourism, especially in northern Ontario, if we lean too much towards the timber companies and let them cut where they want and in any way they want, we are going to ruin a lot of areas that could be developed to provide a lot of jobs and a lot of cash flow, which otherwise would not be the case if we destroy that site.

I hope we will slice the pie a little differently with more pieces or different-sized pieces, so that we are going to take care of future tourist needs and the need for cover for our wild animals and birds. If we are going to have better hunting, we have to have cover for them. It seems to be a bigger job to do than used to be the case.

Hon. Mr. Kerrio: Your point is very well made. It is one of the issues I have personally undertaken, that is, to have a commitment to wildlife resources. In many instances, it is not only related to our own residents' recreational activity but is also a great source of tourism interest.

I think we released a press release this week on timber management and tourism. We will fire that along to you, Mr. Lane. In the meantime, maybe Mr. Douglas will come back and very quickly share the direction we are going in the area you are concerned about.

Mr. Douglas: The ministry is recognizing the importance of tourism and its probably increas-

ing importance in the future. There are a lot of initiatives around. Some of them are policy-oriented. Some of them are process-oriented. The black bear policy the minister talks about is an effort to get more benefits out of resources we have. There are a number of studies going on jointly with the Northwest Ontario Tourist Outfitters Association to address some of its immediate concerns with the relationship between timber management and how that may impact upon its efforts.

In terms of the class environmental assessment for timber management, there is a very detailed process that involves all parties and provides them with an opportunity to get involved at three or four different stages, to identify concerns and constructively to resolve these concerns within the process. That was developed in close consultation not only with NOTOA but also the Ontario Forest Industries Association.

I think we have a workable process and that we are all getting a better understanding of those things that are key to the tourist industry. There are efforts going on throughout the ministry to make staff more sensitive to the issues you are raising.

Hon. Mr. Kerrio: I have just been passed the press release that I mentioned. I am going to share it with you. I want to read one part of it very quickly. It says, "The Ontario Ministry of Natural Resources has released new guidelines to help protect valuable tourist areas where timber management is taking place." I will not read it all; it is two pages. I think you would be very interested in taking a look at that.

Mr. Lane: It is certainly something that needs to be handled.

Hon. Mr. Kerrio: It relates precisely to your concern.

Mr. Lane: Thank you very much.

Still talking about forests, I am happy that Bt did the job in my area and looked after the black pine budworm. I think it could very well be necessary to use a chemical at some future time, and I am not opposed to that. As you said the other day, you had a clipping from someplace or other that quoted me on that. We have to save our timber and we have to take whatever steps are necessary to do that. We will not have any tourist sites if the trees are all dead.

1050

Thank God Bt did the job. My friend from Nickel Belt would not agree with me, but I think there are times when we may need to use

chemicals. That is something I am flexible on, as long as we are using something we know is safe.

Again, my friend from Nickel Belt and I do not agree about parks. I think the more traditional uses we can have in a park, the fairer it is to the people of this province. Why should we have parks that only a few people can use? I am thinking of Killarney Provincial Park, for instance. It is a great wilderness and a beautiful spot, and numbers of people like to take canoes and go camping for a week in the wilderness. That is great. It is fine that they can do that, but there are hundreds of thousands of people who cannot do that. As a matter of fact, percentage-wise, there are very few who can.

When we take away traditional uses, we take away opportunities from other people in this great province who have every bit as much as right to see the beauty of that park as those people who are healthy and strong and can pack canoes on their backs. I think as many traditional uses as possible should be continued in many parks.

Speaking about the Killarney park, over the years we have had a tremendous number of visitors from Whitefish Falls, Manitoulin Island, Espanola and Sudbury go to Killarney and return by snowmobile. If not yet, I understand that in the near future snowmobiles will not be allowed in the park. If that is the case, we are going to take away a great deal of pleasure from a great many people who will not be able to use that park at all. These are not the type of people who will go out in the summer and pack a canoe.

I can see the need to have a groomed trail. They could be required to use a trail rather than running all over the place, because in some cases there are very sensitive, fragile areas that would be ruined. But I still think it is wrong to take away that traditional use. It really has given a lot of enjoyment and it is something people look forward to. If they cannot do it, it is going to be a loss of pleasure, and I think that is wrong. If we have parks, they are for all the people, as far as I am concerned, and some people simply cannot do certain things.

There is also a fair loss to the people of Killarney. There are 500 people living 70 miles off the highway. They made maple syrup in that park for years. They cannot do it now. Why not? It is not going to hurt the damn trees to tap them. Those are the kinds of things we have to look at. I am very much in favour of parks with as many traditional uses as we can possibly have without losing the value of the park itself. In many cases, such as tapping a tree, there is probably some enjoyment, some income and so forth. A large

number of families have been doing it for 100 years; now they cannot do it because it is a park.

Hon. Mr. Kerrio: I appreciate your comments. The dialogue I have had with other people shows it is not an easy task to make a clear-cut decision to come down in favour of any particular group. Where we can do both, we are making every attempt, and where we can develop those areas that would be remote and accommodate those people, all of that is taken into account. I thank you for your comments.

Mr. Lane: I liked your statement to Mr. Laughren when you said he wanted both. I think you can have both. If you manage it properly, in most cases, you can do the traditional things and still protect the park. That is what I think we should be doing.

Hon. Mr. Kerrio: Thank you.

Mr. Lane: I want to get into the fish business for a bit. I am sure you have had a good many favourable comments on the splake program, which our government kicked about for several years. Some people were running about saying it was not going to be a success. It has been one of the greatest successes around the Manitoulin and North Shore areas of any sports program that has been done in my time.

For example, in the town of Gore Bay, we have only one small boat ramp for loading or unloading boats. In May of most years, you will probably see five or six boats a week unloaded there. Last summer, when my son and I went fishing early Sunday morning, we came back about 12 o'clock and we had to wait for three quarters of an hour to get our turn at the ramp, boats were going in and out so fast. It never happened before.

Hon. Mr. Kerrio: I have a very important question. Did you catch any fish?

Mr. Lane: I did. I did not go over my limit, though.

Hon. Mr. Kerrio: I have eaten splake up there and they are excellent.

Mr. Lane: I understand we are not sure yet whether these fish are going to reproduce themselves. If it is going to be a put-and-take fishery, we should place more fish. I think we should give more people the opportunity of having the kind of situation we have in Gore Bay. I had to fight like hell to get those fish in Gore Bay three years ago, but it has made one terrific difference. Last year, in the shorter season of the tourist trade—hardly anybody is around in May—many cottagers had to turn people away because they could not accommodate them. What we

need is this business in the shorter season of the year, and this is what this program is doing.

Hon. Mr. Kerrio: Maybe we could do a quick overview of that. Mr. Millard, do you want to quickly talk about the splake undertaking? Mr. Lane, we still have a few people out there telling us that we should not be doing that.

Mr. Millard: The splake program, as you know, has been developed over about 15 to 20 years. We originally started with just a lake trout-speckled trout cross and we found that it did not have all the desirable characteristics we were looking for in terms of its growth potential and its reproductive potential. We further backcrossed that to the lake trout so that we now have a much stronger lake trout component in the splake than we originally did. We call it the lake trout backcross now.

The reason for that was to try to get the strong and rapid growth rate but at the same time try to get the reproductive potential realized. The reproductive potential of the animal has not yet been realized; that is right. We are beginning to see encouraging signs of natural reproduction of the lake trout backcross.

I do not think we should despair because it is taking a long time. If we look at the experience of other agencies on the Great Lakes and our own agency with lake trout, for instance, some agencies have been planting lake trout to try to replace lost stocks for 30 years since the invasion of the sea lamprey and loss of lake trout stocks in the Great Lakes. Thirty years have gone by, and we still have areas where we have not had successful reproduction of an original lake trout put back into that same niche. It is a long process.

The splake program, as you well know, has had its fair share of critics. There are those who would have had us give up two or three years ago, and there are still those who would like us to get out of the splake program. We think the splake, the lake trout backcross, has excellent potential. If it requires to be managed in the interim as a put-and-take fishery, we are quite prepared to do that. We do not want to do that in the future. We want to have a self-sustaining population of fish, but I think you should also know that we have plans in place to raise our fish culture capability in the province to a point that will exceed 1984's production, for instance, by about an additional three million fish.

We really are interested in the fisheries of this province and we are interested in giving people a good recreational fishing opportunity in Ontario. In return for that, we have asked them to pay a small fee of \$10. The guarantee has been made

that the money will go back into the fisheries program, and it is going back into the fisheries program.

I think, as you do, that the lake trout backcross is an excellent fish. It has good potential to become self-sustaining, but in the interim, we are prepared to manage it as a put-and-take fishery.

Mr. Lane: The reason I am saying that is there is nothing that is going to encourage tourism as much in my area, and I think in northern Ontario, as the kind we saw in Gore Bay, Little Current and Manitoulin Island, which had these fish piled in nearby areas. You did a study on Manitoulin last year which indicated we should be spending \$25 million more in the next five years to improve tourism, and there is no one thing that will improve it more than that kind of fishing in 15 or 20 areas on the island as opposed to two or three. That is why I said put-and-take is the sensible way.

1100

Hon. Mr. Kerrio: The biggest freshwater lake within an island is Manitou and on the largest island?

Mr. Lane: It is part of the largest freshwater island in the world.

Hon. Mr. Kerrio: What about the opportunities there for the stock in that lake? Are they holding up quite well?

Mr. Millard: The native lake trout population has held up quite well. Some of the people from Manitoulin Island sometimes think they have been perhaps the giving force for much of the fisheries management in Ontario, because Lake Manitou has been used for a good number of years as the brood stock. That vigorous strain of lake trout in Lake Manitou has been used as the brood stock for introductions into other waters in Ontario and we are trying to replace even some of the Great Lakes strains with strains from Lake Manitou.

Mr. Lane: Lake Manitou is one of the top lakes in the province.

Mr. Millard: Yes, absolutely.

Hon. Mr. Kerrio: It is important, and the commitment we are making here is that while we would be very pleased if we could get the natural reproduction, in the meantime we have a commitment to continue with the hatchery stock.

Mr. Lane: In the essence of time, I have one more short question. Do you have any knowledge of what the expectancy of life is of any fish that is not caught?

Mr. Millard: I wish I could answer that and all of our scientists wish they could answer that. Part of the problem with having tried to get this lake to its whole reproductive potential is that we have had major fishing pressure placed on that stock while we are trying to build it. We want to accommodate that recreational fishing and we have accommodated some commercial fishing of it as well. In trying to build up the stock, it has been difficult to find that balance in terms of how many can we take and yet have enough escapement to get older fish and spawners.

We have reason to believe that they should live perhaps two thirds as long as a lake trout, perhaps longer. A lake trout can live up to 25 years, for instance. Right now, unfortunately, we find about seven or eight to be the maximum age in the returns that we get from our test netting. Our best information is that they probably do not spawn until about five plus, as do a lot of lake trout begin to spawn at five years plus. We are really just at a point now where we can begin to see some of the fruit of the reproductive efforts.

Mr. Lane: For anybody in the room who has not caught splake or eaten them, it is fun catching them and they are darned good to eat.

Hon. Mr. Kerrio: That is right.

Mr. Chairman: You are pretty hungry by the time you get one, I guess.

Mr. Lane: There is another matter I would like to raise with you. I wrote you a letter on September 30, 1985, and you replied a month later, which is pretty good.

Hon. Mr. Kerrio: Thank you.

Mr. Lane: I have been doing some research in fish farming over the last five or six years. I got very interested. This has tremendous potential not only in providing fish for consumption in this province, but for export. Right now, as I understand it, we are paying hundreds of thousands of dollars to import fish from Idaho, Japan and other places for restaurant supply when we could very well be raising them ourselves.

Hon. Mr. Kerrio: We have taken the initiative. When I was at the opening of the agricultural school in Guelph, there was a joint undertaking between the Ministry of Agriculture and Food and my ministry to examine and put in facilities to begin the whole process. Mr. Millard might give you a bit more information on it, but I would like you to know that it is under way and we are examining the potential that is there.

Mr. Sheppard: Are there any grants available to start up a project?

Hon. Mr. Kerrio: It seems to me that we had another initiative that was being taken by the private sector. We cleared the way for it but it did not come to pass. We were very willing to expedite that kind of situation. I do not know the details on it. We could identify the initiative at Guelph. We might get back on that other initiative.

Mr. Millard: I am encouraged to hear others see what I think is that excellent potential in fish farming in Ontario. I really think there is a large potential based on some recent technological changes, cage culture being one of those technological changes. We have always relied on ground water sources before in Ontario. Idaho has had it all over Ontario in terms of ground water sources, not in terms of quality of water but in terms of temperature. They had a year-round water temperature that was much more conducive to rapid growth and therefore could produce fish at a more reasonable price than our fish farmers could.

In concert with the University of Guelph and the Ministry of Agriculture and Food, we have acquired a hatchery and we will have it staffed with extension people. In progress and funding for 1987-88, we are building a quarantine station there to allow importers to bring in brood stock and eggs and have them quarantined so we know they are disease-free. That will allow the fish farmers in Ontario to go some distance in terms of improving their station in Ontario.

Also with respect to grants, once again in association with the University of Guelph and the Ministry of Agriculture and Food, we have a program for 1987-88 that will be called the aquaculture productivity incentive program. It will give grants to the private sector for research and developing new techniques in aquaculture, or fish farming.

We are trying to make those opportunities available to the private sector. Quite frankly, we are chasing the tail of the private sector on this one, and have been for a while. We have tried to catch up with them; I think we are caught up with them now and are facilitating them in the way that they want us to.

Mr. Sheppard: What if somebody wanted to start up his own private hatchery to sell fish to restaurants or privately? Are there grants available?

Mr. Millard: I think there are. To the best of my knowledge, there is only the normal infrastructure of business development grants that exists for any type of business. I am not aware of

any grants specific to fish farming for that purpose, but that is to the best of my knowledge.

Mr. Sheppard: You had better get some grants in there.

Hon. Mr. Kerrio: I would suspect that, given the opportunity, the Ontario Development Corp. could be very much interested in that sort of thing. Our ministry could be very much involved in helping with the development of the procedure. To the degree that we are anxious to see it start, if it seemed viable, we could say there would be moneys available through ODC.

Mr. Chairman: If you want to promote the program, minister, get the money in your own budget and not in ODC.

Hon. Mr. Kerrio: On one side there is the technology required that we can provide and on the other side is ODC having the kind of people who would examine the potential of the investors as to how successful it might be. It seems to me a former minister said, "We want to be sure that we bet on winners." I do not know who that was, but it rings a bell.

Mr. Chairman: You get the idea from ODC whether they are winners or not and then you give them a call.

Hon. Mr. Kerrio: All right.

Mr. Pollock: I have a supplementary. Why are the weather conditions in Idaho so much more conducive to raising the fish than here in Ontario?

Mr. Millard: It is simply the temperature of their ground water. They have a constant ground water temperature of somewhere in the neighbourhood of 60 degrees Fahrenheit. Our ground water sources go from about 10 degrees Celsius and perhaps 12 degrees Celsius in the summer down to as low as four degrees Celsius in the winter. We have a short growing season with those ground water temperature conditions. That is the reason.

Mr. Pollock: In other words, you are saying the temperature should pretty well be the same for raising of fish.

Mr. Millard: I should have said that, of course; the ideal growing temperature for the traditional rainbow trout for the table market is about 60 to 62 degrees. If you get it too much warmer than that, you start to incur large disease problems, because obviously the organisms multiply and become more infectious at higher temperatures. If you go much below five degrees C in a water temperature, you really do not get any growth. You get a state of nongrowth and

very little activity. We have records—not in our hatchery facilities, but in some natural waters—of fish actually losing weight during those periods. So a constant growing temperature of around 60 to 65 degrees is ideal for rainbow trout.

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Hon. Mr. Kerrio: I guess a good comparison would be the fact that Lake Erie is the most productive of all the Great Lakes. It is the smallest and shallowest. In all probability, it has the greatest advantage on the temperature side.

Mr. Millard: Absolutely.

Hon. Mr. Kerrio: Much the same as agriculture, in the sense that it relates to the growing season.

Mr. Chairman: Mr. Lane, have you any other questions?

Mr. Lane: I would like to finish up that one and then I have one more, if I may.

If we could get this working in Ontario, there would be three benefits. First, for trout, we could be an exporting province rather than an importing province. In northern Ontario and, I am sure, many other places in Ontario, we have water that is clear, fresh and clean. I do not know why we should not be able to grow healthier trout than are found in some of the more heavily populated areas of the world.

The other thing—your senior people and Tim will not likely agree with me on this—is that both sports and commercial fishing have been hampered over the years by trash fish, as I call them; the carp, suckers and that kind of stuff. In my research, the pellets we feed these fish in the cages are about 60 per cent fishmeal. I cannot see why we cannot trap and process our coarse fish and turn them into fishmeal.

Some of the senior people have told me there are not enough coarse fish to do that. They would be fished out over a period of years. We have a lot of lakes on Manitoulin and in other areas of my riding that are just mud lakes; they are not raising anything. Don Hughson tells me we could raise suckers quite easily nearly anywhere we wanted to. That would make an industry in itself.

If we had a plant to process these waste fish into an edible state, we could sell the fishmeal to farmers, rather than import it, as we are doing now. We could have a fairly good industry raising coarse fish in these lakes that are never going to do anything else for us. It would provide a lot of jobs. If we had a lot of fishmeal, we could make other things that are required, such as fertilizer and dairy rations. I think there is a great opportunity for a very large industry in northern

Ontario using coarse fish as a base, although you would not necessarily agree with me.

Hon. Mr. Kerrio: I never apologize for not being a biologist, a lawyer or anything else, but my first reaction would be that there is an ecological chain that provides a function for some of the coarse fish, as gulls do in other environments; perhaps in some places that could not be disrupted, but in other places it could be. I suppose the biologists would have to tell us. Where do you want to go from there, Tim?

Mr. Millard: I do not find myself at odds with what Mr. Lane is saying, even though he supposes I might. The internal-energy-funded machine in which you would be able to self-energize any system and have it keep going has been everyone's dream, going back to Leonardo da Vinci. In fact, that is how a life cycle works.

Thus far, there has not been much in the way of economic opportunity for the harvesting and marketing of coarse fish in Ontario. In fact, through fisheries industrial development grants to commercial fishermen, we have attempted to accommodate and facilitate the production of those rough species you talk about, carp, sucker, etc., for fishmeal protein and for fur farm food and human food protein substitutes. We have tried all three of those, and we have not got into the processing in Ontario. There is very little processing of that done in Ontario. Most of it is done offshore. Minnesota has a big processing plant.

We have tried to accommodate that through developing joint programs with our commercial fishermen. It has been almost spectacularly unsuccessful each time. It really has not turned out to be a very viable enterprise.

I think what you are saying now is that we have a secondary industry of fish farming in Ontario that can use fishmeal protein. Martin Feed Mills at Elmira has been one of the big fish feed producers, and we have worked in conjunction with it. They use fishmeal protein in their food. Our research with them is now to the point where we developed a fish food. It is being used by other agencies after having been developed in Ontario. So I think there is opportunity. It will not come overnight, but I think there is opportunity to explore that further.

Balanced harvesting is an important concept; you are absolutely right. We cannot harvest only the terminal predators and expect to have a balanced population. If you do not have some balance in terms of extraction of each level of that

resource, then you do get lopsided problems you are talking about.

Mr. Lane: I am glad to hear you agree with me. I thought one of you would not.

Hon. Mr. Kerrio: There you are. It has been a good day for you.

Mr. Lane: There is just one other potential here, and this may be a little farfetched, but I will still say it is possible. We are having trouble in agriculture, as you know. There is not much money to be made. In fact, no money is being made in agriculture by raising beef cattle. Farmers send their sons to agriculture college, say Guelph, who then come home at 26 or 27 with a wife and a couple of kiddies. The son would like to buy the family farm, but the father has a million bucks invested in it. He cannot afford to sell it; the boy cannot afford to buy it; the banks will not loan the money; and they would not borrow if they could, because they could not pay it back.

If we were to get into fish farming properly, the mother and father could semi-retire; they could fish-farm, which is from April to November. The boy could buy the farm. They could finance each other; and we would solve a big problem there. I really think it has a potential. That is not all in your ministry, but it is part of it.

Hon. Mr. Kerrio: It is the reason we are working with Agriculture and Food in this whole process.

Mr. Lane: I will not take up any more time on that. I could talk all day. As a matter of fact, if you ever decide to do a pilot project, I will be retired and you can hire me to run the thing.

Hon. Mr. Kerrio: Thank you, but politically, we would try to hire you before you retire.

Mr. Lane: You can just move me.

I have one more question; it deals with the conservation officer problem. These people have wanted to be reclassified for a long time. I understand the arbitration board brought down an order on August 26, 1986, saying they should be reclassified. When is it going to happen? Can you tell me?

Hon. Mr. Kerrio: I have some background information on it. You know that whole situation has been out there for a little while.

Mr. Lane: That is right.

Hon. Mr. Kerrio: We in MNR certainly value our conservation officers in the employ of the ministry. We are not going to make any attempt, nor have we, to antagonize them in any way. We have met with the conservation

officers, and you know that some of the arguments that come forward in comparisons with other jobs are ones that are very difficult ever to bring into focus because of the special kind of work our officers do.

It has been a bit of a problem to address ourselves to that, but the history of it started back in May 1985, when some 200 officers filed a grievance about their classification. They wanted to achieve a separate classification that would recognize their enforcement duties and distinguish them from others described as technicians.

The position was that the conservation officers were properly classified as a technician 3. Salary negotiations resulted in an agreement which provided conservation officers with an increase of \$1,500 a year. Despite the salary increase, the grievances were heard in July 1986, and the settlement board's award said the conservation officers were improperly classified in the classification of resource technician 3—"no implication that conservation officers must be classified outside the resource technician series"—and that MNR is to establish a proper classification for conservation officers.

Given these key points, there is some difficulty in fully understanding the decision, so it is still being discussed and debated. I imagine we have someone here who might be closer to this than I am. Rick Monzon, our administrator, might have some current information for you.

Mr. Monzon: To pick up on the minister's point about the decision, our difficulty in that was understanding what the board was trying to tell us. Should there be a new classification? Should we simply revise the existing standards? Should there be an atypical classification?

For some period of time our thinking was that the salary note in that increase, in essence, constituted the settlement. That was that. It has taken some time to arrive at the understanding that this has not been the case. We have notified the union very recently—on February 3, to be exact—that we are in the process of reclassifying those officers as resource technician 3, atypical. The issue of reclassification has just happened.

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Mr. Lane: I am glad to know we are progressing, because these people have been working to rule for quite some time and the people of this province are not being served well while that is going on. In my area anyway, we have some just excellent people. I think they deserve recognition more than just money. These people are taking a big risk. Many times when they apprehend somebody at a camp or at the end

of a road with a jack-knife or whatever, there is no help around. There are loaded guns and quite often liquor. In some cases they are at more risk than the Ontario Provincial Police.

They deserve recognition for the job they are doing. It is not just the money. I think they want recognition for the job they are doing and the risk they are taking. It is not something money can buy. I think it needs to be recognized by the public that they are important people. They are doing a good job. They are risking their lives and working overtime for nothing, in many cases. I have found they are great people. I am very disturbed that they are disturbed. We are not getting a good return from them under those circumstances.

Mr. Sheppard: Could I have a supplementary, Mr. Chairman?

Hon. Mr. Kerrio: Yes, sure you can; but just before you do, I want to make a very brief comment.

Mr. Chairman: I am the chairman, minister, and no, you cannot, Mr. Sheppard.

Hon. Mr. Kerrio: I just want to give a quick response—

Mr. Chairman: No. I am going to have to cut this off. I have been very tolerant in giving you 35 minutes, Mr. Lane. We have five more questions.

Hon. Mr. Kerrio: Can I just respond to him quickly?

Mr. Chairman: He just made a speech.

Hon. Mr. Kerrio: Oh.

Mr. Chairman: He is right, is he not?

Hon. Mr. Kerrio: Yes.

Interjections.

Hon. Mr. Kerrio: No. It is very important that I make this brief comment. In a sense, I did not respond to agree or not to agree, because while the negotiations are going on, it is very delicate ground. I would not respond or talk about where we are. What I want to say is that we are undertaking a special project to review these roles and responsibilities. While these negotiations are going on, I appreciate what you are saying, but I would not comment about it.

Mr. Pollock: On February 26, there is going to be a public meeting in Bancroft to discuss the abandoned railway line in the Marmora subdivision. That railway runs the full length of my riding. At the present time, I understand there has been a study done to see what should be done with the railway, who should take it over and that sort of thing.

To brief you on some of the details, a few years ago the local people wanted the abandoned railway line B to remain as a recreation trail. In approximately 1984, Alan Pope promised me that the Ministry of Natural Resources would take over this abandoned railway line.

However, when the government changed, we got a letter—it is on file—saying it wanted no part of taking over this abandoned railway line. If this study indicates or recommends that the Ministry of Natural Resources take over that abandoned railway line, are you going to reverse your position and take it over?

Hon. Mr. Kerrio: Someone might update us on that. Mr. Richards, you would have an idea. I can recall a discussion on it. There are some implications now that have to do with liability and many other aspects that are in the study.

Mr. Richards: We have studied all of the priority abandoned rail lines in southern Ontario for potential for recreation use. We decided there were some very significant costs involved as far as maintaining those areas was concerned. The option we wanted to take was to try to encourage local groups to enter into some kind of management agreements. You are right that with the change in government, the announcement was made that we would not be pursuing the purchase of those properties. However, we did leave the door open a little bit with respect to priority abandoned railway lines.

There is still a possibility we may look at purchasing some high-priority areas. There have been one or two that were purchased over the years. There is still an option there, if it is considered to be a high priority. I know we have been working closely with you over the years.

Ms. Mogford: If I may, I just want to make a point. The ministry has no additional funding for this. If they are of a sufficiently high priority, we will pick them up from within our existing land acquisition budget. We have no additional funding for it.

Mr. Pollock: What this gentleman just suggested, I suggested at a public meeting about a year ago, namely, that there be a commission of local people to oversee the maintenance of some of those recreational trails. Of course, they would need some funding, maybe some local funding and maybe some from your ministry or from the Ministry of Tourism and Recreation.

I want to impress on you that this is a very important issue in the Bancroft area because of the loss of the Madawaska mine. The tourist business is important. In the Lake St. Peter area, there are two trails that cross. One is the old

abandoned Marmora railway line and another is called Smoke 5, but I am not sure of that. There were 300 snowmobiles through there to Lake St. Peter in one weekend. You can see that it is important to have it open and maintained as a recreation trail.

In your remarks, you said you gave the federal government \$8.5 million worth of park land in the Bruce Peninsula. Did you go out and buy that park land or was it farm land?

Mr. Richards: This is land that had been purchased as part of the Niagara Escarpment plan over the last 20 years.

Mr. Pollock: Did you pay the \$8.5 million for it for the federal government?

Mr. Richards: Over a 20-year period, we paid \$6 million to purchase lands. The other \$2.5 million is for improvements in some of the existing provincial parks that we will transfer to national parks.

Mr. Pollock: The point I am getting at is that here is a situation in which the federal government is involved. Right now Canadian National owns that abandoned railroad line. It wants to give it to you, but all of a sudden you do not want to take that \$1 million worth of property or whatever it is worth.

Hon. Mr. Kerrio: This is not a single property. I imagine if it was a single property, we would not have the dilemma we have. We have about 12 around the province. If we were to move forward on one, we would have to examine the ramifications on all of them. In a sense, all of the others are impinging on the decision.

We want to co-operate with the federal government on the park. It is one place where I am going to ask people to accept a real commitment for a park that is going to be very limited in its use, as a major contribution to some of the people who sit here and tell us that we are doing things wrong in other parks. We have proven our will to make a major contribution to a park that is going to be limited in its use. That is why I am asking fair-minded people to take into account that kind of thing when we assess other undertakings in our parks across the province.

Certainly, we are going to examine the possibility. I can appreciate how you feel about that.

Mr. Pollock: I do not think for one minute that you can classify all these abandoned railroads and put them in the same basket because there are some that they definitely want as recreational trails. There are others where the farm community wants them to go back to the local land owner.

It has to be a tough decision; there is no question about it. There is all kind of support for that abandoned Marmora subdivision to be a recreation trail, not only for snowmobiles but also for all-terrain vehicles and even for horseback riding.

That is a real concern to me, and I want to leave that with the minister. Do you want me to take any comments back to this meeting in Bancroft that you are going to reverse your position?

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Mr. Chairman: I gather that is a yes.

Hon. Mr. Kerrio: I just thought the best response was no response.

Of course, the fact of the matter is that we are examining it and we will take into account the kind of use that is being considered. As I say, we will be looking at a few of these across the province.

Mr. Pollock: There are quite a few lakes around the Bancroft area. You are likely well aware they have banned ice fishing on them. One fellow made a comment about snowmobiles driving over those lakes in the wintertime. Does that actually disturb the fish?

Hon. Mr. Kerrio: Tim Millard is here. My first response would be that the advent of the snowmobiles has just put so much more pressure on the fishery. I have had the experience; I have fished in your area, as I have in many areas in Ontario. I have a friend who is at Coe Hill, so I have been very much involved in that park. Our success was limited in the summer because we had to find the fish; they were in deep water and that sort of thing. In the winter, I think our success was much higher. We were reaching lakes we could not reach before.

We have just responded to those people in eastern Ontario. I am facing the reality that we just put in a fishing licence and we want to improve fishing opportunities, but the lakes where there are natural trout have been stressed to the point that if they are hard-fished over the next few years, we could very well destroy that stock. I think you have heard Tim Millard tell you that it is very difficult to bring native stock back in a way that is going to be meaningful.

We made a concession to the people in eastern Ontario by opening up some of the splake lakes in and around the areas that they traditionally fish. We did not even want to do that, in a sense, but to show that we were anxious to accommodate people who had been using that as a winter activity, we managed to do that. Mr. Millard may

relate to that pressure. Is there anything else you would like to say about that? I think that is where it is at. There is just so much pressure with the advent of the snowmobile.

Mr. Pollock: So you basically disagree with the candidate you had in the 1981 election, who said that the reason all the lakes are dying and there are no lake trout in those lakes is acid rain.

Hon. Mr. Kerrio: I think that would have an impact as well. There is a strange phenomenon there too. I happened to be on a lake in Temagami that has heavy limestone deposits. It is buffered and its pH is relatively neutral, while lakes within two or three miles from there, just ordinary sorts of lakes with ordinary rock formations, are very badly affected by acid rain.

Any of the things that we have tried to do to buffer those lakes, such as limestone treatments, have not worked all that well. There is one thing we cannot do anything about, and that is the tremendous amount of acid precipitation that is on the snow on all these lakes. There is a real shock to the system when the spring runoff goes into the lakes. That could be very much a part of it as well.

Mr. Guindon: I would like to remind the minister that he did not take me up on my invitation to come fishing in Lake St. Francis last summer. Then he could have visited the area where all the weeds are and where we need a weed harvester.

Hon. Mr. Kerrio: There is good bass and trout fishing then if there are a lot of weeds there.

Mr. Guindon: There are more than we need. We do not need as many weeds as we have there now.

Very quickly, I would like to ask you if you are on top of the situation in the Cornwall area. We have islands that the Indians claim they own. They have fishing and hunting rights in and around those islands, and the determination of the distances is far from being understood by anyone.

The problem we have are the game wardens. The Indian reservations have their own game wardens; they even wear guns. I assume our game wardens do not know where they come into play there. When are you going to settle that problem?

Hon. Mr. Kerrio: I think Mr. Millard is very familiar with that particular problem. He might respond to that.

Mr. Guindon: The problem is they are selling two hunting permits and two fishing permits because the Indians claim they own the rights and

they sell fishing licences and hunting licences in the area.

Mr. Millard: The situation is one that has created a good deal of concern with users of the fish and wildlife resources in the area. The islands that are occupied by the St. Regis Indians are Indian reserves and they not only share two provincial boundaries but also an international boundary. There are four different jurisdictions: the government of Canada, the government of Ontario, the government of Québec, the government of New York, and perhaps the government of the United States. There may be that many agencies that have something to say in this regard. Then there is the very real right of the Indians on those Indian reserves to manage those lands as they will and charge access fees to use those islands.

With respect to game laws, we have tried to clarify through news releases and so on, that game laws are the domain of Canada and the province: Canada when it relates to waterfowl and Ontario when it relates to the other game in Ontario. It is the domain of the province off the Indian reserves, and we set the limits and we enforce the rules and regulations.

The area of contention comes—and I think Mr. Guindon certainly understands this—in the areas of the wetlands adjacent to the islands. That really is the source of greatest contention, because the description of the original reserves in the treaties is such that, in our estimation, it really is not determinable probably outside a court of law to decide where is the boundary of those reserves. We have tried to take the most lenient approach, and that is that the islands and those weed beds immediately adjacent and contiguous to the islands are part of the reserve.

With respect to their enforcement activities on the reserve, the Indian conservation officers were trained in New York. Ontario did not take part in that training exercise. Ontario was not asked to take part in that training exercise. I cannot tell you what qualifications they have.

We have met with the Solicitor General's office as recently as two weeks ago to make sure our officers and the Ontario Provincial Police understand exactly what their responsibilities are with respect to enforcement. We are meeting with the council of St. Regis to try to determine some amicable understanding of how this is going to be shared, because they have a very real right to enforce upon the Indian reserve and they do not have a right to enforce off the Indian reserve.

What we need to do is find out that demarcation. We are trying to do that, but it has been long and it has been somewhat tortuous. We have tried to caution non-Indian users of the resource to try not to find themselves in situations where they would antagonize the Indians, who believe they own more than we have traditionally thought they did. It is a difficult question to answer. We are working with the council of the St. Regis Band and we are working with the Solicitor General's office to try to come to some understanding, but it is slow coming.

Mr. Guindon: Just to give you an example of what is happening right now, there is ice fishing. Our wardens are asking for identification and licences. How many licences will we have to have to do some ice fishing if we are going to be checked by two authorities every time we go out on the river? That is really what I want to know. Are you going to be lenient or are you just going to go ahead and charge? That is going to be a deterrent to a lot of area people.

Hon. Mr. Kerrio: We recognize the validity of our licence. What Mr. Millard is talking about is where we delineate the responsibility. Beyond that, I do not know what we can say about a demand to have some form of charge to fish on a reserve. Mr. Millard, you might respond to that as well.

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Mr. Millard: Once again, it boils right down to where the line is; where Ontario-Canada waters end and the Indian reserve waters start. We have said in all our news releases that anything other than the wetlands immediately adjacent to the Indian reserves are not Indian reserve water and Indian reserve licences are not required for that.

If the Indian conservation officers decide to enforce in the other parts of the water that we believe are not part of the Indian reserve, our advice to those who ask is not to create any confrontation but to seek immediate legal counsel in terms of rights and obligations. We do not enforce the requirement for an Indian reserve fishing licence. We treat the Indian reserve fishing licence as an access fee, and they do have the right to charge an access fee to use the resources on their Indian reserves.

Off the reserve, of course, we do not enforce the requirement for an Indian reserve fishing licence, but as I understand it, some of the Indian conservation officers have travelled farther afield in terms of those waters, suggesting that Indian reserve fishing licences are required. We are suggesting that people who are coming into

contact in a situation where they believe they do not require that but are being told by an Indian conservation officer that they do, should seek legal counsel. We are not in a position to counsel them, because the definition of the Indian reserve and its delineation is really the issue.

As the member well knows, there are substantial land claims by the Indians in those areas that further exacerbate the misunderstandings and the area for ambiguity. I cannot give a definitive answer, except to say that, off the Indian reserve, users do not require an Indian reserve fishing licence. Then you will ask me, "Where is the Indian reserve?" I cannot tell you until that is finally delineated, and probably only in an adversarial situation in a court of law.

Mr. Guindon: I know your manager, Mr. Cleroux, is doing a pretzel of a job getting around everybody, but one of these days, if we are not careful, we could have more problems than we really want.

We have had plans in our area, along with the conservation authority, for the last five, six, seven or eight years in regard to a Flagg Creek system, which is a flood zone in the Cornwall area. I was wondering if you could briefly tell me how we are making out with those plans.

Hon. Mr. Kerrio: Mike Garrett, I think, can answer that question.

Mr. Chairman: We are going to have to come to an accommodation of the members of the committee who are on the list. Maybe if the questions could be put, you would agree to get answers for them.

Hon. Mr. Kerrio: I have said that, because there has been some restriction on time.

Mr. Chairman: Do you have a short answer?

Mr. Garrett: All I know about Flagg Creek is that it is under way. It is a multi-year project. I cannot tell you the rate or the amount that has been completed to date, but I can certainly get a report specific to that.

Hon. Mr. Kerrio: We will get back to you also on the funding.

Mr. Guindon: That is not the ideal answer, but we will go with it. Thank you.

Mr. Villeneuve: I have here a report of the Eastern Ontario Economic Outlook Conference, which was held in Kingston. In the natural resources section, it asks—and it begs the question—"What is the geographic makeup of eastern Ontario for natural resources?"

Hon. Mr. Kerrio: Do we have a geographer here who can answer that question?

Mr. Chairman: Maybe we could get you that answer, or maybe your supplementaries hinge on that.

Mr. Villeneuve: I would like to know what is eastern Ontario.

Hon. Mr. Kerrio: I think what he is asking me is, when we talk about northern Ontario, we use a particular reference, the French River or something.

Ms. Mogford: Do you mean where is the line?

Mr. Villeneuve: Where does it begin and end? I think it ends at the Quebec border, but on this side.

The members of the Lancaster Fish and Game Club are true conservationists, and my colleague the member for Cornwall (Mr. Guindon) touched on it. They have gone into the Raisin River and, literally with their own hands, created spawning grounds for pickerel. They have a walleye tournament during the long weekend of September and it is a major attraction.

Since this government took office, they have requested that weed harvesting be reinstated. They have offered, with some assistance from your ministry, to acquire the harvesting equipment that sits high and dry on the banks of Lake St. Francis. Can I tell them you would support the purchase and assist them in any way—get it out of your hair if you do not want it as an ongoing thing—so they could then operate the harvesting equipment on their own in an area that is very important for tourism? It brings in Americans and people from Quebec, and there are many local people who do a lot of fishing. Tourism is a most important industry to that area, and right now the good that has been done over several years when harvesting occurred is going down the river.

Hon. Mr. Kerrio: There is no misunderstanding about this; it is being turned in another direction. That program was done as a test or research program. Unless people can tell me differently, I do not think there ever was a commitment to go into that in a way that we were going to talk about weed harvesting.

The reason I say that is not so much that I want to refuse to talk about that particular case. This problem exists everywhere in the province. It is not something that is going to stop there. We were prepared to put forward a program that would help point up how it could be done. I do not know that we ever considered carrying on with the funding of it.

You have raised the question, very legitimately, two or three times. We would have to look at

the overall picture if we are going to get involved in that at all. I am prepared to look at it again, but I am not prepared to give you an answer that you might feel comfortable with, simply because, in the first instance, it was an attempt to have a research program done.

Mr. Villeneuve: Your government's commitment was to better things for eastern Ontario. The town of Lancaster was mentioned in the speech from the throne, and almost in the same breath, this was cancelled. It was a most important aspect—

Hon. Mr. Kerrio: Just a minute now. Cancelled? No.

Mr. Villeneuve: It was withdrawn or discontinued.

Hon. Mr. Kerrio: No.

Mr. Villeneuve: It is not going on; what happened?

Hon. Mr. Kerrio: We said we did that as a research project. What gave you the impression it was going to be carried on?

Mr. Villeneuve: It was done for two years in a row.

Hon. Mr. Kerrio: But it was research. It was done for the two years, and that was the program. Perhaps we want to look at something new. I just do not want you to get the impression it was something that was promised that we are not doing.

What I am looking at now is your new question about whether we are going to do something around the province on this problem, but it does not have anything to do with our not continuing something that was promised. I think that is very important.

Mr. Guindon: If I could just interject for a minute, the question is not that it is a study for the whole province; it is not normal to have that many weeds. The Robert Saunders generating station is probably part of the cause; other causes could relate to bacteria that are sitting in the water. It could be the city of Cornwall; it could be the runoffs. It is causing more growth there than anywhere else. You can go right across the river on the Quebec side and you do not have half the weeds. It is the same river, and there are no weeds on the other side of the river. That is the study you should be making.

Hon. Mr. Kerrio: It is not an isolated case. We have waters down in Niagara, branches of the Welland River, that weed right over. There is a little boat club down there that has its own little

weed cutter and its members clean the weeds up, because they want to go boating.

I am not suggesting we are not going to look at it. It is a priority with you, and certainly we are prepared to examine it.

Mr. Villeneuve: It is most important to the tourist industry of that area. It brings in money from people that come by boat from New York state and the province of Quebec. They do not come any more after the beginning of July. They stay in the main channel because they cannot get close to shore. It is that simple, and it is most important. It would be operated by people who are conservationists in the true sense of the word.

1150

Regarding the assignment of adult moose tags for hunting in northern Ontario, I want to read part of a letter. I want a reply to this, because it sure makes sense to me. It is from a member of a camp of 10 hunters who for at least 15 years have been hunting in the same area, zone 30, just west of Timmins.

"We have developed a very good relationship with the enforcement officers in the district and have assisted them on more than one occasion. I might point out that I am a retired member of the RCMP force, and there are three other members of the force who hunt with me. As a group, we spend a considerable amount of money during our average 10 days' annual trip to Timmins. An extensive amount of money is also spent each year on transportation, clothing, etc.

"The primary reason for writing is that our party is completely without success this year in the draw for adult tags." You can see it is like going fishing without a hook. "The department suggests that we move to another area where tags are more plentiful. I respectfully submit that this is not practical." They have a camp; it is not as portable as they would like to see it. "Besides, we like the region and feel we have many friends we have developed over a number of years."

I have seen their logbook; it has the name of everyone who has gone there since they have had it. It is a semi-permanent mobile home that is installed and these people love to go to that area. Twelve people this year were allowed. They do not like shooting calves, but they went because they traditionally go, even though they had no adult tags.

The submission by these people is that it should be as follows where we have recognized, long-standing hunting camps: 12 hunters who have bought licences, which is the case in their particular camp, should be allotted three tags, eight hunters should be allotted two tags and four

hunters one tag. I would certainly like your ministry to consider that possibility.

Hon. Mr. Kerrio: I could make a couple of comments about the letter and then respond if you like.

Mr. Chairman: Do you want another question?

Mr. Villeneuve: Yes, I have a couple more. We have nuisance beaver in abundance in our riding, creating all sorts of havoc in some of the reasonably good woodlots that we have; they are flooding them over. I gather your ministry has shied away from any sort of funding to alleviate the nuisance beaver problem. Would you consider that a worthwhile project?

Mr. Chairman: I think we will get the answer later, please and thank you.

Mr. Villeneuve: One more. The South Nation River Conservation Authority, as one of a few, is celebrating its 40th anniversary this year. There is a major problem in several areas of that Conservation Authority. The town of Lemieux, for instance, is in danger of sliding out into the river. I understand you have funded part of a study to be commenced this year.

There are a number of other flood areas. The South Nation River is a very meek and mild river, but there are times of the year when it becomes a raging, torrential river. I think we need to have more money spent there. It is one of your oldest conservation authorities and has not received a lot of money spent. I do believe there is much improvement that could occur there.

Finally, I understand that the conservation authorities in the designated bilingual area are not getting a lot of money to produce things in the two official languages. Could that be addressed?

Mr. Chairman: Mr. Sheppard, your question. No editorial comment; just a question, please.

Mr. Sheppard: This morning I received a couple of phone calls from Murray township because last night, in the village of Wooler, the township council met with some interested land owners about the turkey shoot that is coming up in the first two weeks in May. They were very disturbed that the ministry did not discuss this with the municipalities first. They want to know if the ministry will be responsible for liability insurance. If not, why not? How are the land owners going to protect their land? They have it posted now. They are concerned about people from Toronto, North Bay, Niagara Falls coming there to hunt.

I have been talking to the ministry. The ministry says it is going to put \$100,000 into the community, figuring on \$100 for each hunter. That is fine. What is the ministry going to do to help protect these land owners from hunters coming in from other parts of Ontario?

Mr. Chairman: Any other questions?

Mr. Sheppard: Yes.

Mr. Chairman: Go ahead. Put them on the record.

Mr. Sheppard: Why is the ministry trying to put the Brighton fishermen out of business?

Hon. Mr. Kerrio: I would like to respond to that one. We certainly are not—

Mr. Sheppard: It certainly looks like it.

Hon. Mr. Kerrio: No, that is not happening. We will respond in detail, but I cannot leave that on the record without a response to that one. We have a commitment that is going to take into account—

Mr. Sheppard: Okay. Farmers can trade quotas back and forth, as can egg producers. Fishermen can sell out but they can sell out only to the ministry. There is Mrs. Mills, who had a couple of brothers. She wanted to sell her quota to her brother. I understand they would not allow that.

Hon. Mr. Kerrio: They can sell—

Mr. Sheppard: Yes, but you take part of it away, and if it is not worded just right, they are going out of business. These fishermen are older fishermen. They do not know anything else but fishing. They are something like farmers. When they reach the age of 55, if the ministry is going to buy them out, it is not going to give them enough money to retire on.

I want to know what the ministry is doing to help keep these fishermen in the Brighton area from starving to death.

Hon. Mr. Kerrio: The big difference between a farmer and a fisherman is a farmer plants and then reaps. What we are talking about is a pressure on a limited resource on which we have to put quotas. This is the reason.

Mr. Sheppard: Yes, but the quota is getting less and less. It is going to be only a matter of two or three years and there are not going to be any quotas left.

Hon. Mr. Kerrio: You have to decide whether you want to manage the fishery or take the quotas right off and fish it out. What would your choice be?

Mr. Sheppard: Yes, but you are promoting fly fishermen more and more all the time.

Hon. Mr. Kerrio: No. We are using the resource in a way where we accommodate the commercial fishermen and the sports fishermen.

Mr. Sheppard: But there are more fish now in Brighton Bay than there have been in 10 years.

Hon. Mr. Kerrio: That is another question. As I say, we will respond to that one in depth.

However, we are certainly not going to put any fishermen out of business. We are just trying to manage the resource, and it is being done in a meaningful way.

Mr. Sheppard: Okay; another question.

I want a reply back on that, minister. Mr. Chairman, will you make sure he does?

Mr. Chairman: Next question?

Mr. Sheppard: With regard to a fishing licence, I have been down in my riding and I understand that some of the game wardens are warning people, and not charging them, because they do not have a fishing licence. I must agree with Mr. Pollock, I think it was, who said we do not have nearly enough conservation officers in the province. I was just wondering if some of this \$10 million that you are going to get back through the fishing licences could be used to hire a few more conservation officers.

Hon. Mr. Kerrio: That goes without saying. We are going to improve the ability to have conservation officers in the field with some of that money.

Mr. Sheppard: So we are going to have more conservation officers?

Hon. Mr. Kerrio: Yes.

Mr. Sheppard: I am glad to hear that you are going to give them more authority.

Hon. Mr. Kerrio: I did not say that.

Mr. Sheppard: That is what I interpreted.

Hon. Mr. Kerrio: I am not saying we are going to give more authority. I am saying we are putting in more conservation officers.

Mr. Sheppard: You certainly need them.

Mr. Chairman: Are there any other questions?

Mr. Sheppard: You are cutting me off, Mr. Chairman.

Mr. Chairman: I am sorry, but the clock is—

Hon. Mr. Kerrio: I am sorry about that. I would like to respond in depth.

Mr. Sheppard: There are weeds in Rice Lake. I have written you a couple of letters; I have letters from people along Rice Lake. The weeds are terrible. I know the bass fishing is good and it is home of the mighty muskie, but

what are you going to do about the weeds in Rice Lake?

Hon. Mr. Kerrio: Did you not hear the response?

Mr. Sheppard: I did, but that was for down east.

Hon. Mr. Kerrio: This is precisely the problem. If we do it down east, we are going to be doing it everywhere in Ontario. It is not that we might not do it—

Mr. Sheppard: We have not got any money yet for Rice Lake, to my knowledge.

Hon. Mr. Kerrio: We did not propose to do that. We proposed to research the results of weed harvesting over a two-year period, and we did so. To get involved in it is another question.

Mr. Chairman: Are there any further questions, Mr. Sheppard?

Mr. Sheppard: I have not had an answer to the three questions I have asked; so I will have to get back.

Hon. Mr. Kerrio: You got answers to two.

Mr. Chairman: Mr. Runciman, please. Put your question on the record.

Mr. Runciman: Thank you, Mr. Chairman. I have a couple of things—

Mr. Sheppard: The chairman cut me off.

Mr. Runciman: Both Mr. Villeneuve and I would like to know something about the South Nation drainage project. I met with you, Mr. Sterling and some officials from that area about a year ago. Apparently, nothing has happened. We would like to be updated on what is occurring in the area and on what you see happening in the next year or so.

I want to talk briefly about the ban on ice fishing for trout. I have one question. You mentioned the \$10 million and said that part of it is going to be directed towards conservation officers. I thought it was all going directly into the fishery itself. Aside from that, I think the \$10 million should be for restocking the lakes and improving hatcheries. This is my question about the \$10 million.

Hon. Mr. Kerrio: I do not think it would be at odds with fish management to talk about more conservation officers being included in that undertaking.

Mr. Runciman: You could well be correct. I asked you yesterday, in writing, about any reconsideration being given to that ice fishing season; that is, the ban being lifted or modified. You did not respond. You just said, "Well, we have stocked a lot of splake in lakes."

Hon. Mr. Kerrio: No.

Mr. Runciman: That was your response.

Hon. Mr. Kerrio: No. I did not say that. What I said in response to the question about having some fishing opportunities was we thought we would still close the natural lake trout lakes and open the splake lakes for fishing in the interim. That may not be satisfactory to the people down there, but it is a response to people's requests. I thought it was meaningful that we should say, "We would like to do something to prove that we hear what you say."

Mr. Runciman: I do not think the sports fishermen are very supportive of the minister. I think you should look at a—

Hon. Mr. Kerrio: Would they like to fish out the natural stock?

Mr. Runciman: They would like to see a modified change, maybe a three- to four-day weekend for ice fishing, and perhaps some changes in the summer season. You are really impacting upon the little guy, the fellow who can walk out on the ice and drop a line. He does not need a large boat and all of the sophisticated equipment that goes along with summer fishing. They are being penalized. Our ice fishing is 100 per cent local fishermen, and you are ruling out this very important area for them. There is no indication that it will be reopened in the future.

Hon. Mr. Kerrio: I have to comment that we did respond by opening the splake lakes, which we did not want to do either, but—

Mr. Runciman: That is an unsatisfactory response to most sports fishermen.

Hon. Mr. Kerrio: We are trying to do things that are responsible.

Mr. Chairman: In view of the fact that the minister is getting away with two and a part hours on his estimates, maybe he would undertake to answer those questions that were asked today for the members in the House on Monday or something like that.

Hon. Mr. Kerrio: I am not sure we can get them that quickly.

Mr. Chairman: You would have given them today; can you not give them on Monday?

Hon. Mr. Kerrio: No, not necessarily.

Mr. Chairman: I see.

Hon. Mr. Kerrio: I would have come back to them. Anyway, I accept the undertaking in that we will give answers to the questions.

Mr. Chairman: The committee sits this afternoon and will take time at the beginning of the estimates of the Ministry of Industry, Trade and Technology to pass these votes and items. There is a vote. Thank you. You do not have to return.

Hon. Mr. Kerrio: Thank you very much.

Mr. Chairman: We will go through the votes for the Ministry of Natural Resources.

Votes 2301 to 2305, inclusive, including supplementaries, agreed to.

Mr. Chairman: This completes consideration of the estimates of the Ministry of Natural Resources.

The committee recessed at 12:03 p.m.

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Witnesses:**From the Ministry of Natural Resources:**

Kerrio, Hon. V. G., Minister of Natural Resources and Minister of Energy (Niagara Falls L)
Monzon, R. M., Assistant Deputy Minister, Administration Division
Douglas, L. A., Director, Policy and Planning Secretariat
Richards, N. R., Director, Parks and Recreational Areas Branch
Millard, T. J., Executive Co-ordinator, Outdoor Recreation
Schafer, D. W., Executive Co-ordinator, Forest Resources Group
Mogford, M., Deputy Minister
Garrett, M., Executive Co-ordinator, Lands and Waters Group



Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government
Estimates, Ministry of Industry, Trade and Technology



Second Session, 33rd Parliament
Thursday, February 5, 1987
Afternoon Sitting

Speaker: Honourable H. A. Edighoffer
Clerk of the House: C. L. DesRosiers

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday, February 5, 1987

The committee resumed at 3:17 p.m. in room 228.

ESTIMATES, MINISTRY OF
INDUSTRY, TRADE AND TECHNOLOGY
(continued)

Mr. Chairman: Some weeks ago, we were considering the estimates of the Ministry of Industry, Trade and Technology. We have seven hours and 30 minutes to go. We will not try to do it all today.

Hon. Mr. O'Neil: Let us try.

Mr. Chairman: Seven hours and 30 minutes in one day?

Hon. Mr. O'Neil: Sure, why not?

Mr. Chairman: I have a request of the committee. We are slated to meet from now until adjournment today and to meet next Thursday morning. At that point we are requested to complete the estimates of the ministry. We need a half hour for organization for the break period that may or may not start next Friday. Will the ministry agree to meet from 9:30 to 11:30 a.m. next week?

Hon. Mr. O'Neil: It is fine with me.

Mr. Chairman: Is it all right with the members?

Agreed to.

Mr. Chairman: Next week will be 9:30 a.m. to 11:30 a.m. At 11:30 a.m. we will let you go on vacation as far as we are concerned.

Mr. Pope: I have a few questions on a number of items. You indicated on October 14, 1986, that you would have a review of the Innovation Development for Employment Advancement Corp. done by Mr. Biddell and would have it done as quickly as possible. It is my understanding that review has been completed. Can I understand why it has not been tabled?

Mr. Lavelle: The review of IDEA Corp. by Mr. Biddell is still in its draft form. It has not yet been completed as far as Mr. Biddell is concerned. In the course of the investigation of IDEA by Mr. Biddell he had some illnesses with respect to some eye problems and was forced to take some time off to go into hospital. That is the reason there has been a delay in the completion of the report.

Mr. Pope: Are you saying there has not been a report filed with you by Mr. Biddell under his signature?

Mr. Lavelle: There is a draft report that has been filed.

Mr. Pope: Maybe I can be more precise. Have you then told Mr. Biddell to go back and rework his report?

Mr. Lavelle: No, we have not told Mr. Biddell that he should go back and rework his report. We have a draft report of the findings and we are in the course of examining that report, but it has not been sent to us in its final form.

Mr. Pope: Since you are in the course of examining it, will you now table it in the House so the rest of us can examine it?

Mr. Lavelle: As soon as Mr. Biddell is satisfied that all the questions he has raised with respect to the report have been finalized, the minister did state in the House that he would table it forthwith.

Hon. Mr. O'Neil: As has been mentioned, it is not complete yet. We want to have a look at it. I think it should be approved by the rest of the ministry staff too, just to make sure it is complete.

Mr. Pope: Have you received any communication from Mr. Biddell as to how long it will take him to revise his draft report?

Mr. Lavelle: No, there has been no indication how long that will take. The process is ongoing. I expect that it will be completed relatively shortly.

Mr. Pope: When will that be?

Mr. Lavelle: I cannot give you any definite deadline. Mr. Biddell is presently in Florida and we are not aware when he will finally submit his final report.

Mr. Pope: Since this is a rather current matter and since Mr. Biddell is away in Florida, will you table the draft report he has not finalized?

Hon. Mr. O'Neil: I do not think we would produce this report at the present time. I will make sure that we check as to its present status to see just how long it will take to have the report finalized and let you know about that.

Mr. Pope: I want to put on record that I do not think that is good enough. I guess we will get at it

in another forum. I really do feel that this matter has dragged on. While I am on the IDEA Corp., can you tell me why the financial statements for the year ending March 31, 1986, of IDEA Corp. were not included in the financial reports tabled?

Hon. Mr. O'Neil: David MacKinnon is here from IDEA Corp. and perhaps he would answer that question. Mr. MacKinnon, will you come up to the table? Mr. Pope, can you please repeat that?

Mr. Pope: My question to the minister was whether he can provide me with a satisfactory explanation why the financial statements of IDEA Corp. for the year ended March 31, 1986, were not included in the financial reports tabled by the Treasurer (Mr. Nixon).

Mr. MacKinnon: They were not included because we felt that the financial statements for the date of March 31 were not entirely appropriate, given that the corporation was wound down very shortly thereafter, and that instead we would produce financial statements for a 15-month period rather than a 12-month period. Those statements will be available on or about April 1, 1987, covering a 15-month period.

Mr. Pope: Okay. When was this decision—I am not going to set you up that way; I am not going to try to play a game and come back at you. In the reports of these agencies, boards and commissions, the excuse given for IDEA Corp. was that you were preparing two different financial statements, one for the year ending March 31, 1986, and the other for the three-year period ending June 30, 1986, and that you had some problems with the valuations of some of the assets of IDEA Corp. That is entirely different from what I just heard.

If there is a re-evaluation of assets going on that has directly to do with issues that have been raised by the standing committee on public accounts that are political in nature. If you are withholding those financial statements for political reasons, then we as an opposition party strongly object to that procedure being undertaken. That is the explanation in the notes of the documents tabled by the Treasurer, that a re-evaluation of assets was going on, not that there was a conversion from a 12-month reporting period to a 15-month reporting period. I would rather put it to you directly than go around behind you.

Mr. MacKinnon: There is a substantial difference of opinion on the valuation and on what is the appropriate valuation of those assets. That is part of the problem we have in preparing

financial statements and is one of the reasons for the decision to go for the 15-month period. If we produce financial statements effective for the 12-month period, it is the view, certainly of the Ontario Development Corp. and I think also of some of our outside accounting advisers, that the assets we would be describing to the public and to the Legislature would be substantially overvalued. There is indeed a significant asset valuation problem that we are trying to deal with.

Hon. Mr. O'Neil: Mr. Pope mentioned political reasons. I have instructed the people at ODC, Mr. MacKinnon and his staff, to be fully forthcoming with answers to any questions you have or information you ask for. I think you have to concede that they have been as helpful as they possibly can be.

Mr. MacKinnon: If I can make one more comment, I think at one point we discussed whether we would make unaudited statements available to you. If you feel that would be useful information, it should be possible to do that.

Mr. Pope: I am not an accountant but my father and my twin brother are, and it seems to me that if the book value of assets is in question you can add that as a note to the financial statements and say that there is a review of the book value of the assets under way and that the valuations in your financial statements could be subject to that review. That would have allowed you to table the documents of March 31, 1986, in the regular report.

Maybe I am from another world, the private sector world or something, but I find very confusing what has really been going on with the valuation of assets. Everyone knows that for the past year IDEA Corp. has been highly contentious. You fellows have been through all sorts of agony trying to get information for committees—I admit that—and appearing before committees. All of a sudden there is a very hot spot politically and the financial statements are not forthcoming.

1530

I do not think it is appropriate. It gets into the same argument. Goodness, you fellows spent days in front of the public accounts committee. You provided as much material as you could, but at the end of it all we had to call for a forensic audit on the matter we were discussing. You did your best within the limits of your financial ability. We could not get any co-operation from the higher-ups in the government for the special costs of an audit. What we got was a financial review, which everyone admitted did not answer any questions. We could not get permission to

audit from the Treasurer and the Premier (Mr. Peterson). We ended up passing a motion for a forensic audit. What is happening now? The Ontario Provincial Police are in there doing a forensic audit.

The whole handling of financial statements and the auditing function has become somewhat scrambled. You should be tabling whatever you have. If you want to put notes of explanation on your statements saying you are reviewing them now and your review will be finished by April 1, goodness, do it. Everyone understands that from an accounting point of view.

Anyway, in the documents tabled by the Treasurer, we did note the blank page for IDEA Corp., with a brief note of explanation.

I want to get to the minister's favourite topic, and that is trade. I want to ask some specific questions of the minister, first with respect to steel. It was reported on January 27 and 28 in the Toronto newspapers that the Premier had discussions on the steel issue in Washington with Senator Heinz. It was reported in the Toronto Star on January 27 that the Premier, on leaving that meeting, favoured a system of voluntary restraint. Your trade officials have no doubt briefed you. Perhaps you were with the Premier; I am not sure.

Hon. Mr. O'Neil: No, I was not.

Mr. Pope: Can you tell me with whom the Premier discussed the steel issue in Washington during his last visit? Was it just Senator Heinz? Did he raise it with anyone else?

Hon. Mr. O'Neil: I believe it was a matter of general discussion in the Premier's discussions with other people he met in the United States. He also raised many other issues besides steel. The environment issue was raised as far as acid rain is concerned. The steel issue was raised. The auto pact was raised. The Premier mentioned some of the other subjects he discussed while he was in Washington when he answered that question in the House the other day.

Mr. Pope: With respect, I do not think he did. My question is: can you tell me who he talked to specifically about steel in Washington?

Mr. Lavelle: I was not in Washington at the time, but before the Premier's visit to Washington there were a number of briefings on various issues that were likely to be discussed during the Premier's visit there. Obviously, one that was high on the list for discussion was the whole question of steel and the likelihood that Senator Heinz and others were going to raise the possibility of introducing legislation or some

kind of restraint that would have an adverse effect on the Canadian steel industry.

In these discussions we had with the Premier before he left we informed him of meetings we had with the Canadian steel industry and the federal government when we had discussed their positions. The view of the Canadian steel industry in particular was that while it wanted the Ontario government to be supportive of its position, it felt very strongly that the federal government was the main negotiator on this issue, that this was likely to be a very delicate issue between Canada and the United States, and that it did not foresee that any solution would be forthcoming in the immediate future.

Our advice to the Premier was that this indeed was a delicate matter, that obviously there was a lack of understanding in the United States as to the real truth behind the figures being reported in the press, and which had been the subject of some considerable attention due to a letter that Mr. Yeutter had sent to Pat Carney early in January, focusing on the increase in Canadian exports in the month of November. So I think it is safe to say—as I say, I was not at the meetings—that in terms of talking about the various trade irritants which the Premier obviously was going to do at various meetings, steel would be an item on the agenda, and indeed was.

Mr. Pope: Who debriefed the Premier when he got back? Who talked with the Premier about what specific meetings he had had with what people and what had been discussed? Who was involved in that? Someone from this department had to have been, so who was it?

Mr. Lavelle: The normal course of events after a visit of that kind is that a lengthy memorandum is prepared by officials of the Ministry of Intergovernmental Affairs who were there, outlining the subject of the discussions, what was said and who said what. I have not yet seen a copy of that memorandum.

We have had discussions on the steel issue with the Minister of Industry, Trade and Technology (Mr. O'Neil) and the Premier since those meetings in Washington, in the light of the questions that have been raised in the House and in the light of the continuing concern about this issue.

Hon. Mr. O'Neil: There have also been ongoing meetings since the Premier came back. I know that the deputy was in Ottawa for two days last week to speak with officials there. Other meetings have been held, and we have meetings that are coming up next week with the steel officials.

Mr. Morin-Strom: Mr. Lavelle, you have indicated that your ministry's advice to the Premier was as a result of the meeting you had with the steel industry. Was it really its advice? This is an extremely sensitive issue. It sounds, to the point that the industry preference was that the issue not be brought up at all. Did the steel officials in fact give you advice as to whether a meeting should be scheduled with Senator Heinz, who obviously is in a very sensitive position in those discussions, being the head of the Senate steel caucus in the United States?

Mr. Lavelle: To my knowledge, no such advice was given.

Mr. Morin-Strom: Given the sensitivity, why was that specific meeting scheduled as part of the itinerary?

Hon. Mr. O'Neil: It is my feeling that the meeting was scheduled because we feel that Senator Heinz is under certain misconceptions about the steel industry, and I think that was proven out.

One of the questions that Mr. Pope asked me in the Legislature was about Senator Heinz, who had put out a press release in which he countered some of the things he had said once he came out of meeting with the Premier: in other words, that we were fair traders, that we were not subsidizing the industry and that we were buying a lot of steel finished products and coal from the United States. Actually, we were buying about \$1.25 or \$1.26 for every \$1 we sold. We felt it was advantageous, as did the Premier, that he meet with him to put some of those points across to him.

Mr. Morin-Strom: What did the steel industry think about that?

Hon. Mr. O'Neil: I have not asked the steel industry that.

Mr. Morin-Strom: Given the sensitivity, why was it not asked?

Hon. Mr. O'Neil: As I say, that was not discussed with the steel industry. We have had all kinds of steel discussions with the industry in the fall and in the winter and we have upcoming meetings with its officials.

Mr. Pope: Let me put it another way: have you received any communication from the steel industry since the Premier's return from Washington about its opinion of what the Premier did with the steel issue when he was in Washington?

Mr. Lavelle: I have had some discussions with the steel industry, specifically Mr. Allan, the president of Steel Company of Canada. I have no recollection that he in fact commented on that

particular meeting whatsoever in any discussion I had with him.

Mr. Morin-Strom: To correct the record, there is no longer a Steel Company of Canada. Its official title is Stelco.

Mr. Lavelle: I stand corrected on that.

Mr. Brandt: I think we know.

Mr. Pope: Are you saying that no one in your department has received the Intergovernmental Affairs debriefing memo from the Premier's trip?

Mr. Lavelle: I have not received it.

Mr. Pope: Has your department received it?

Hon. Mr. O'Neil: I am not aware that it has been received. No, not at this point.

Mr. Pope: Is it fair to say that, in reality, you do not know yet until you receive that memo whom the Premier talked to about the steel issue?

Hon. Mr. O'Neil: We know of some of the people the Premier met with during his visit there.

Mr. Pope: I have seen his itinerary too, but you do not know whom he specifically raised the steel issue with among that whole list in the itinerary. I have seen it. You do not know which ones he talked to about that.

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Hon. Mr. O'Neil: It is my understanding that he raised many of the issues we just mentioned when he talked with all these people. In other words, he was down there to talk with them, to let them know what the circumstances are here in Ontario and to work for the province on behalf of many of these issues.

Mr. Pope: So he talked to the senator from Idaho about steel.

Hon. Mr. O'Neil: What I am saying is that he covered a wide variety of areas and he would talk to certain people on certain issues that would have a relation to the state they came from and the interests they had.

Mr. Pope: That is exactly what I wanted to ask. I would like you to give me the list of the people he met with and what specific issues he talked to them about. I do not think it is an unreasonable request.

Hon. Mr. O'Neil: We will look into that for you and get back to you on it.

Mr. Pope: Are you saying you do not know at this point?

Hon. Mr. O'Neil: In the detail you are asking for as to what individual issues were discussed with each individual person, we will have to find that out for you.

Mr. Pope: When can you get it for me?

Hon. Mr. O'Neil: We will get it for you as soon as we possibly can.

Mr. Pope: When will that be?

Hon. Mr. O'Neil: As soon as we possibly can.

Mr. Pope: It is just a simple list of whom he met with and the items he talked to them about. I do not think it is unreasonable at all, a week before the adjournment of the House, that we know specifically when we are going to get that information. We should have had it before now, quite frankly. That is what we have been asking for.

Hon. Mr. O'Neil: What we will try to do is to get that list for you for next week.

Mr. Pope: Before Thursday.

Hon. Mr. O'Neil: We will try to do the best we can.

Mr. Pope: Come on, you guys. This is not an impossible task to get a bunch of information together about a two-day visit. Why can I not have that information before next Wednesday?

Hon. Mr. O'Neil: We will try to have it for you before next Wednesday.

Mr. Pope: You try hard, I am not denying that.

Hon. Mr. O'Neil: Mr. Pope, we will do everything you have asked as well as we can.

Mr. Pope: This is a fundamental issue involving 46,000 people in this province. Why the hell can I not get a simple piece of information out of this government? It has been two weeks now that I have been trying to get the information.

Hon. Mr. O'Neil: I believe you already have part of the information through the questions that have been asked in the Legislature.

Mr. Pope: I have not received a direct answer to a single question for a month.

Hon. Mr. O'Neil: I do not agree with you at all. I believe that for some of the questions you have asked the Premier regarding his trip, the answers were given to you as to some of the people he talked to and some of the issues he talked to them about; and I think Hansard would bear that out.

Mr. Pope: Do you have a briefing memo for the Premier on his visit to Washington?

Mr. Lavelle: Yes. In the normal course of events, we prepare those kinds of notes for the Premier.

Mr. Pope: Do you object to producing them now?

Hon. Mr. O'Neil: I believe part of that would be briefing notes that would be private and confidential for the Premier, and I do not believe those should be released.

Mr. Pope: Okay; I understand your objection. Can you take that memo, and cover it if you want, and just read the subtitles of the issues the Premier was briefed on when he went on his trip to Washington?

Mr. Lavelle: If that meets with the approval of—

This is the copy of the briefing book in which the issues that were raised by the Premier in Washington, from the point of view of the debriefings that were prepared, are outlined in some detail.

First of all, there is a Canada-US trade overview with a lot of statistics indicating the relationship between Canada and the US on trade.

Then there is a free trade issues series of documents having to do with the status of the current trade negotiations between Canada and the US: some of the major issues that have been discussed at various times, such as procurement and national treatment and other issues that have come up in the course of the discussions.

Then there is a series of papers having to do with trade irritants: the softwood lumber case, steel, the cement case, electricity, wine, uranium. Those kinds of issues are dealt with in some detail.

Then there is a series of discussions about the energy trade between Canada and the US, having to do with natural gas and oil and some of the other trade disputes: countervail, antidumping, fact-finding investigations, some information on the omnibus trade bill.

Finally, there are a number of issues having to do with the environment: acid rain legislation in the 100th Congress, Ontario's control program, the US-Mexican agreement, section 115 of the US Clean Air Act; the whole subject of acid rain with the United States.

Then there is a section on environmental issues on top of that: the Detroit refuse incinerator, Great Lakes-Niagara River pollution and clean-up, the Clean Water Act, the Superfund and discriminatory oil imports. That is the agenda as outlined.

There were also other discussions with the Premier in the briefing before Washington. Other issues for which there are no briefing papers were also discussed. There was a general economic

overview and other matters such as some of the issues before the Congress at the present time: the corn issue, the Canadian beef issue, Canadian hogs, cut flowers; Canadian colour television picture tubes, which is the Mitsubishi case, in which we are involved, and a number of other cases. I could go on at some length, but those are basically the papers that were dealt with.

Mr. Pope: Could I just take you back briefly to irritants? You have softwood, steel, cement, electricity, wine, uranium and what else?

Mr. Lavelle: Those are the main irritants, but there are others that are covered in some of the issues presently before the Congress, for which there are actions being taken in Canada. As I recall, unless I cannot find them, there is the cut flowers case, which is an action taken by the United States. There is the corn case, which is the manner in which Canada has imposed counter-vailing duties. There is the case of the television tubes from Canada to the United States—we call it the Mitsubishi case. I cannot put my hands on the other irritants that I just mentioned very quickly in passing.

Mr. Pope: Let us get back to the steel issue. In your meetings with the Premier and his officials since his return, which you indicated in an earlier statement had taken place, on that basis can you tell me if the Premier took a general position on the voluntary restraint of steel exports from Canada to the United States? Did he set or endorse a specific target in his meetings?

Hon. Mr. O'Neil: From my understanding, the discussions dealing with the steel industry were general: the history of it and looking at future things that could be done by the two governments working together.

Mr. Pope: Is that your understanding too?

Mr. Lavelle: My understanding is the same as the minister's. The Premier has taken a position that has been taken generally, that the matter of self-regulation has been the best way to settle the issue in view of the fact that the steel industry is competitive.

Mr. Pope: But there were no specific targets or no endorsement of a target of reduction?

Mr. Lavelle: I think the steel industry in general has accepted a particular target.

Mr. Pope: I know that. Did the Premier endorse a target in Washington, in private or in public, when he met with the officials?

Hon. Mr. O'Neil: I do not believe so, no.

Mr. Pope: Is that your understanding? Would you agree with that?

Mr. Lavelle: I would have to say that I am not clear as to whether he at any time set a specific target on what he was aiming at.

Mr. Brandt: This is the same question, only on the reverse side. Did Mr. Heinz or any of the US representatives with whom the Premier spoke indicate what would be a comfortable level for them with respect to the penetration of the US market by Canadian steel?

Hon. Mr. O'Neil: Senator Heinz has set out certain specifics in his bill, and I think that is quite well known.

Mr. Brandt: Is that figure 2.4?

Hon. Mr. O'Neil: I believe that is the figure he has used.

Mr. Brandt: Then at no time were you or the deputy aware of any concurrence with that particular figure?

Hon. Mr. O'Neil: Not at all, no.

Mr. Brandt: Obviously, what you are saying is that that figure was not agreed to.

Mr. Pope: Have you been informed by the federal trade officials or anyone in the federal government, since you say you have had no communication with the steel industry—

Have you had any communication with the steel industry since the meeting?

Mr. Lavelle: Yes, we have.

Mr. Pope: Has the steel industry voiced any thoughts on the Premier's position taken in Washington as it was quoted in the papers?

Mr. Lavelle: No, they have not.

Mr. Pope: It was not discussed?

Mr. Lavelle: No.

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Mr. Pope: There has been no discussion about the meeting with Senator Heinz? They never raised it?

Mr. Lavelle: They never raised it with me. I was talking to the Canadian steel industry a few days ago about two things. One is its position vis-à-vis the position of Ottawa, as well as the possibility of arranging a meeting within the next couple of days to have a further exchange of views with respect to how the industry views the current negotiations between Ottawa and Washington.

Hon. Mr. O'Neil: We are meeting with the industry on Monday morning at 10 o'clock.

Mr. Pope: Have you heard from federal officials of any concern being voiced about the Premier's position vis-à-vis steel exports during his trip to Washington?

Mr. Lavelle: I have had discussions with the Deputy Minister of International Trade, Mr. Shannon. There has been no concern raised by him about any position the Premier took in Washington.

Mr. Pope: Is it your position that the steel industry endorses a policy of voluntary restraint that the Premier echoed in Washington after emerging from the meeting with Senator Heinz?

Mr. Lavelle: In view of the fact that the Canadian steel industry has not made public its position on the issue of what formula it would propose to recommend to the federal government, it would be difficult for me to say. I am not at liberty to speak on behalf of the Canadian steel industry on this particular matter. As you can understand, the discussions we have had with the industry have been based on information it is providing to Ottawa, which we are not at liberty to disclose.

Mr. Pope: So it is possible that the Premier's position was not one of complete concurrence with the steel industry's position.

Hon. Mr. O'Neil: I think that is a very leading question—in other words, something you may be surmising and would like to have answered to your benefit. I would say that the Premier's visit to Washington was a very good visit, where he put forth the concerns of Ontario on behalf of the Canadian picture. I think it was quite successful, as I have said in the House.

Mr. Pope: All I asked was whether it was your understanding that the steel industry's position vis-à-vis exports to the United States is one of agreeing that voluntary restraints are the appropriate way to go?

Hon. Mr. O'Neil: I think you would have to ask that of the steel companies. We will be meeting with them on Monday morning, and there will likely be some discussion.

Mr. Pope: Do you not know?

Hon. Mr. O'Neil: It has been my understanding that the voluntary restraints have been in effect for the last two to three years and they have worked quite well. Whether that is what will continue is something that will have to be decided by the steel industry and the federal government. We will have our input and will be part of those discussions.

Mr. Pope: This is like pulling teeth.

When the Premier went to Washington, one of the issues he had on his plate was steel. He decided to take a specific position. Are you saying that when he decided to take that position

you did not know whether or not that was the same position as that of the steel industry?

Hon. Mr. O'Neil: I think when the Premier voiced that thought on voluntary restraints he also stated that it had worked over the last two or three years and was something that would be looked at.

Mr. Pope: That is not what I asked. I said that the Premier of this province went to Washington on a major trade issue. Are you saying that when he made his statement after emerging from his meeting with Senator Heinz he did not know whether the steel industry agreed with his position?

Mr. Lavelle: The Premier is aware of the position of the Canadian steel industry and was aware of the position of the Canadian steel industry before he went to Washington. If I can try to be helpful in clarifying the issue, the Canadian steel industry—without getting into its specific recommendations and discussions with the federal government—has always stated that in order to retain free and open access to the United States market, it is prepared to be prudent in its export of steel to the United States.

I do not think that the Canadian steel industry has changed that point of view in any basic way; nor do I think, without being specific or speaking on behalf of the Premier, that anybody else in Canada has felt it would not be best to have this thing settled on the basis of restraint and voluntary arrangements as opposed to being included in the voluntary restraint agreement imposed by the United States government.

Mr. Morin-Strom: Are those the only two alternatives?

Mr. Lavelle: I guess there are a number of alternatives. We were talking about the alternatives that have been raised relative to the position of the Canadian steel industry and the position of the Canadian government.

Mr. Morin-Strom: My impression of one of the clear alternatives is in fact the one that they have been pushing the federal government to pursue, which is the comprehensive free trade agreement that would result in complete free trade on steel products.

Mr. Pope: Maybe I will put it to you one last way and then I will move on to something else. You are not aware of the fact that the steel industry has objected to the Premier dealing with this matter in Washington and objected to the statements he made after he came out of the meeting with Senator Heinz?

Mr. Lavelle: I am not aware of that.

Mr. Pope: None of you are aware of that? Was the issue of iron ore raised as an adjunct to steel?

Mr. Lavelle: I have seen the questions you have raised in the House and have seen the response the Premier made. Again, I was not at the meeting and I am not sure of what was and was not raised relative to that issue.

Mr. Pope: Do you know, Mr. Minister?

Hon. Mr. O'Neil: Again, we will get that information for you on the iron ore section.

Mr. Pope: Is iron ore mentioned in the trade irritant section of the briefing notes as part of the steel issue?

Mr. Lavelle: Let me see if I can find my briefing notes. You will have to give me a moment, Mr. Pope, to find that issue.

Mr. Pope: I would like to come back to that; but while you are looking I will ask the minister, are you aware of whom the Premier discussed the lumber issue with?

Hon. Mr. O'Neil: Again, it is my belief that the Premier mentioned it to several people; again, we will have to get that information for you. You are asking for individuals, what happened and what they discussed at the time? We will have to refer to the notes that would come from the Ministry of Intergovernmental Affairs.

As I say, it was a very wide ranging discussion with all of the people the Premier talked with. To have down in detail every word that was said and what issues were covered with each one, again, we will have to look for the information from Intergovernmental Affairs.

Mr. Pope: In fact, that information exists not just through Intergovernmental Affairs; with respect to the US administration, it exists through their Freedom of Information Act.

Hon. Mr. O'Neil: I imagine it would, yes. Again, some of these discussions took place at official meetings; others took place at dinners. As I say, different events were planned over the two days, and the discussions at each of those events covered many of the subjects and things we talked about today.

Mr. Pope: I presume, for instance, that the Premier did not talk to Senator Heinz about lumber.

Hon. Mr. O'Neil: I cannot tell you for sure.

Mr. Pope: Can you tell me whether, in your briefing, iron ore is covered in the steel issue? Can you also search your notes as to whether crown dues in the pulp and paper industry are

covered in your briefing notes on softwood lumber?

Mr. Lavelle: I will have to read quickly. I cannot find any. This is very quick reading of the briefing, which is very detailed with respect to the steel issue. I would want to re-read the notes. It is a seven-page briefing note.

Mr. Brandt: You have not read it yet?

Mr. Lavelle: I have not read it all, I must admit. I do not read every briefing note.

Mr. Pope: I cannot understand that.

Mr. Lavelle: The issue you were looking for on softwood lumber is crown dues.

Mr. Pope: Vis-à-vis the pulp and paper industry, I am sure you are aware that just after the Premier's return from Washington the pulp and paper industry were saying they had some concerns. It was reported in the financial section of the Toronto Star even about a week and a half ago. They had some concerns because it is the same crown dues system for all forest product industries in this province. Subsidy of one product is very difficult to distinguish vis-à-vis subsidy of another product because it is the same system.

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Hon. Mr. O'Neil: Again, if we cannot find it in the book, we will just have to check with the powers that be to see whether this particular issue was discussed.

Mr. Pope: The auto pact: the Premier was warned that there was pressure from the United Auto Workers in the United States to file a notice under the auto pact for renegotiation or termination. Setting aside the free trade issue entirely, what is the position of you and the government with respect to a notice coming under the provisions of the auto pact? What is the position of the government? What will happen if that notice is served? What negotiating processes have you set up with the federal government? What will your role be in a renegotiation?

Hon. Mr. O'Neil: I believe our position is the same as that of your party. The Leader of the Opposition (Mr. Grossman) put forth something last week. He feels, as we do, that the auto pact should not be part of free trade discussions and should not be on the table.

Mr. Pope: That has nothing to do with the question I asked. I am talking about a notice under the provisions of the auto pact, not about our free trade discussions and negotiations. You have been alerted now that there is significant pressure from the United Auto Workers—I guess

they are trying to get back at Bob White—to have a notice served on Canada to pull out of or renegotiate the auto pact under the one-year provision. What steps are you taking to inject yourself into those discussions in the event that occurs?

Mr. Lavelle: First of all, I am not aware that any notice of motion has been filed anywhere to indicate that either the Canadian Auto Workers or the United Auto Workers in the United States has indicated that it wishes to eliminate the auto pact. I understand that statements have been made by Mr. Bieber, the head of the union in the United States, having to do with some of the plant closings by General Motors and generally indicating that it was unfair that American workers were going to have to pay for the continued success of the auto industry in Canada. However, in so far as asking for elimination or notice of cancellation of the treaty between Canada and the United States on the auto pact is concerned, I am not aware that such a motion exists.

The understanding has always been with the Canada-US automotive agreement that each side can cancel the agreement with one year's notice. That has not been something that, in my experience, before I was in the government or since I have been in the government, seemed to be likely or on the horizon. I am giving my own personal view at the moment, not the government's view, as to the likelihood of that occurring.

Mr. Pope: Mr. Yeutter is reported in the media of this city as having warned the Premier that they were under severe pressure by the United Auto Workers of America to file that notice. I did not say the notice had been filed, but they are under pressure to file the notice. It is such an important industry for our province, surely to God you people are starting internally to look at what might happen and what role the provincial government might play if that notice comes. That was my question. How will you inject yourself into those negotiations to protect Ontario's interests?

Hon. Mr. O'Neil: As the deputy mentioned, that has not come forward at this point. We have people within our ministry who are keeping an eye on all these things on an ongoing basis, especially the auto pact and the auto trade between the two governments. We feel they are very able and skilled people. We keep a very close watch on what is happening in that regard.

I think I understand what you are trying to say: that is, should this happen, are we prepared and

what would be in place? As I say, we keep a very close watch on it, but at this point to comment on something that has not happened, I believe, is—

Mr. Pope: Let me put it another way: have you and your deputy discussed all eventualities vis-à-vis the auto pact, and are you taking prudent steps internally within your government to protect Ontario's interests?

Hon. Mr. O'Neil: Yes, we have had many discussions on it within the ministry. It has been thoroughly discussed.

Mr. Brandt: Discussions and studies relative to it?

Hon. Mr. O'Neil: Yesterday you asked a question about the studies.

Mr. Brandt: That is why I am asking.

Hon. Mr. O'Neil: Of course, no particular studies have been done on the auto pact in relation to free trade, because it has been our stand that it should not be on the table. But as you know from being the minister previously, the sections within the ministry that look after the auto pact or the automotive business within the province keep a close watch on all these things. I would answer your question today by saying I do not believe there were specific studies done especially for the auto pact and free trade. Were there, Mr. Lavelle?

Mr. Lavelle: Let me just expand, if I may. With respect to the auto industry in the context of the free trade negotiations between Canada and the United States, we have undertaken one of the most detailed and extensive consultations with the private sector, dealing with particular views they may have with respect to the position of the Ontario government and what may be occurring between Canada and the United States. Obviously, one of the sectors we have been instructed by the government to watch very carefully has been the whole automotive sector. We have had ongoing meetings with the unions, the companies and the parts industry for the past year and a half with respect to these issues.

We have also compiled a lot of facts and figures that give us a pretty good view of where the industry is going, and we have also listened to outside experts who have been brought in by the government to give a detailed analysis of the state of the industry and where it may go.

Mr. Pope: Are you disagreeing with John Crispo and many others who say that the day the Sainte-Thérèse project goes ahead we will get a notice?

Mr. Lavelle: If I may answer the question personally, I do not agree with John Crispo. That is my own personal view.

Mr. Pope: Does the minister agree with John Crispo? No, he does not.

Hon. Mr. O'Neil: I do not agree with him at all, as you do not, I imagine.

Mr. Pope: However, that is a widely voiced possibility. You have heard it before. I presume you knew of Mr. Yeutter's statements, even though you said you had heard only some reported comments by the president of the United Auto Workers.

Hon. Mr. O'Neil: Mr. Yeutter makes a lot of statements. We question a lot of the statements he makes, as you likely do also.

Mr. Pope: I will pass on that one. You two guys can hold your meetings in Washington and go at it. You are examining any employment impacts in Ontario for a 12-month notice, surely to goodness you are going to be ready if the Sainte-Thérèse project goes ahead.

We are not living in a cocoon here. You hear the statements in the United States Congress; you hear the statements by the United Auto Workers; you hear the concerns of the American auto industry; you know the flash point is Sainte-Thérèse right now. Is someone not working on Ontario's position and how Ontario is going to play a role in the event this comes up?

Hon. Mr. O'Neil: We are keeping a very close watch on not only that development but also all other developments within and outside the province.

Mr. Pope: I can see I am not going to get anywhere. Can you tell me if you have done any employment studies on the steel industry and the impact of a voluntary restraint program?

Mr. Lavelle: There are studies in the government which would gauge the impact of that particular situation coming to pass.

Mr. Pope: When were they done?

Mr. Lavelle: As I understand it, these studies were done within the Ministry of Treasury and Economics. They are internal studies.

Mr. Pope: When were they done?

Mr. Lavelle: I am not sure when they were done. I am aware of the fact that it exists. I have not seen the study myself, but the study does exist.

I would have to add that in the total context of keeping a very close eye on the steel industry and the impacts of certain legislation, obviously we are aware of the people employed in those companies and have been doing what we can to ensure that we know what is happening in terms of the negotiations with the US.

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Mr. Pope: Has anyone in your ministry seen the Treasury study on employment impact?

Mr. Lavelle: I would answer the question. We became aware of that particular document only last week and we have asked for a copy of it, which we will see.

Mr. Pope: Did you produce or will you produce the employment study on the lumber countervail of 10 per cent?

Mr. Lavelle: As I understand it, the studies that had to do with that were compiled in another ministry.

Mr. Pope: Treasury again?

Mr. Lavelle: No; I believe they were in the Ministry of Natural Resources.

Mr. Pope: Is that the study you were referring to, Mr. O'Neil, on October 16?

Hon. Mr. O'Neil: Of course, there have been not only studies but also other estimates that have been put forward by different people, including yourself, as to the number of people who would be laid off regarding the lumber issue. There are different opinions that have come in from different areas.

Mr. Pope: No. What I did was to accept your estimate. As I recall the questions of October 16, you indicated that the study indicated 500 to 1,000. It was within that ball park. What I am really asking is not everyone's estimate; I am asking if you will produce this week the studies you did with respect to the employment impact from the eight to 10 per cent solution.

Hon. Mr. O'Neil: I would have to check into that matter for you.

Mr. Pope: You have already said in the House that the study exists, so what is there to check into?

Hon. Mr. O'Neil: As I say, we have received different estimates as to the number of jobs that would be lost. Mr. Fontaine mentioned to me yesterday during question period that there has never been more lumber sold. I guess they had their biggest month—what month was it, Mr. Fontaine?

Mr. Fontaine: January.

Mr. Pope: I know all that.

Hon. Mr. O'Neil: As I say, there are different people who have estimated the number of jobs that would be lost.

Mr. Pope: I am not interested in the rest of the people. On October 16 you stood in the House and said that a study had been done and that the

estimates from that study were 500 to 1,000 jobs. I am not after everything that exists on employment impact. I would like you to produce the study you relied upon to make that statement.

Hon. Mr. O'Neil: That was an American one, was it not?

Mr. Lavelle: There is some confusion. I think we will have to find out just exactly where the study was from. There were a number of ministries and various departments, including the federal government, that were involved in estimating the impact of the countervail action on the industry. We will have to find out exactly where that was and whose figures finally emerged.

Mr. Pope: Is it fair to say that you had seen briefing notes somewhere about that and that is what you were relying on?

Hon. Mr. O'Neil: Those figures had been mentioned, yes.

Mr. Pope: Bandied around. Yes.

I would like to get into the events of October 1, 1986, and the announcement of the eight to 10 per cent proposal. When was the decision arrived at that Pat Carney announced on October 1?

Mr. Lavelle: Was this the meeting that took place in Toronto on October 1? There were so many meetings, Mr. Pope, that it is very hard to keep them allocated according to the dates. Maybe you could help us.

Mr. Pope: Yes. Let me put it this way: on October 1, 1986, the Toronto newspapers carried a story in which Pat Carney announced a federal-provincial consensus on an offer of voluntary settlement of eight to 10 per cent. She said that was the final offer on behalf of the industry, the provinces and the federal government. What meeting took place that led to that offer being issued? Who was present at the meeting? What specifically was said?

Mr. Lavelle: It so happens that I was not in the country at the time of those meetings. I was with Mr. Brandt in Japan.

Mr. Pope: That is hardly something to be proud of.

Mr. Brandt: I beg to differ with you on that.

Mr. Lavelle: I am very proud of that fact.

I do not like to put Mr. Redgrave in a difficult position, but in terms of keeping the record straight in answering those questions, I think he should come up and sit with me on that.

Hon. Mr. O'Neil: I was also with Mr. Brandt.

Mr. Brandt: I think I had better defend myself.

Mr. Pope: Can you take us back from the October 1 announcement to when that decision was arrived at and how that decision was dealt with by the provincial governments?

Mr. Redgrave: There were a series of meetings at the officials' level, if I recall correctly, in a very compressed period of time. I have forgotten which week it was the first proposal came from the federal government, but it was late in October, on a Friday.

Mr. Pope: September.

Mr. Redgrave: Was it September?

Mr. Pope: Yes. The Globe and Mail report was October 1, which I think is a Saturday.

Mr. Redgrave: So it was late in the month. They said they were going from coast to coast looking at a general proposition they could take to Washington. The outlines of it were not at all clear at that time. They were concerned that there would be an escalation in the demands from the United States side and they wanted to know what we thought about that. They provided us with a study of the employment impact of various levels. I think that was the study you were talking about just now. They discussed generally the strategy from the American side and the impact on markets and so on.

Then they did their cross-country tour and they got back to us, I think on the Wednesday, which was three days later. Perhaps it was late Tuesday. They said: "We want a meeting at which we will discuss the possibilities of some kind of settlement in the order of, say, \$300 million for the country. Would you come prepared to discuss that and make a commitment?" Again, it was very vague. We went to the meeting. The deputy minister is right; he was not there. There were myself, Mary Mogford and staff supporting us. From their side, there was Mr. Shannon, who led it, and there were other provincial deputies from British Columbia, Alberta, ourselves and Quebec.

Mr. Brandt: The four provinces.

Mr. Redgrave: The four provinces that were affected. The other provinces were not present.

The proposal was put to us with, I might say, a lot of pressure that we should contribute to a \$400-million settlement. Our response was that we did not think that was the way to go. That position was put by Mary Mogford, the Deputy Minister of Natural Resources and it was put with some strength. They persisted and insisted. It seemed to us that BC and the federal government had a very clear and detailed notion of what they wanted. They had a notion of how the tax would

be raised and the level of it. The federal government had worked out a price for each of the provinces.

The discussions were rather long and heated. We dug our heels in and said that we did not think it was appropriate for us to contribute and that if we did so, it would only be in the interests of preserving a common front. We thought a common front was important. That was one point we raised. The second point we raised was that in the original petition against the four provinces there were differentials in the amount of imputed tax, if you like, on each province, and ours was somewhat lower than the other provinces.

Mr. Pope: Do you remember the numbers?

Mr. Redgrave: I am sorry. I cannot recall them.

Subsequently, the petition was shifted and changed. It was accelerated and then commerce took hold of it and reallocated those numbers so that our price, the imputed tax on us, actually went up afterwards. At that time, it was not as steep an increase as with the other provinces.

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We were aware that we had approximately \$600 million worth of exports from this province and that a 10 per cent increase would be a \$60-million levy. That number \$600 million is approximate. It is not really a confirmed number, as you know; it is a lump interprovincial shipment. We say we are not contributing 10 per cent; we simply are not and there is no way around it. We do not think so because we already raise levies on our industry. The number we were using was around \$4 per cubic meter. British Columbia's was somewhere around \$1.35. Quebec's was around the same order. The proposal on the table was that Quebec would bring in an increase through its act, which it now plans to do, to bring it up to around \$4.50, something like that, maybe a bit more; and BC would push its up too.

Our argument was: "All right, we will leave ours as it is. We will all be the same. Why do we even have to raise any? The problem does not lie with us; it lies with the other provinces." We were in a corner. We were isolated. Everybody else wanted to go up. Alberta would not go above 10 per cent and when we finally put a figure on the table, it was not 10 per cent. We put about five to six per cent on the table. We started with the lower bargaining position and we received fierce resistance, and I say "fierce," from the federal government. The federal government and BC were suggesting we make a much higher contribution.

However, anything we put on the table was put on the table with a proviso that we thought this was a bad move and that we wanted it understood and on the record that this was not the thing to do. We had the greatest difficulty. That was about the sum and substance of it. We bargained as much as we could to keep the price low.

Mr. Pope: What was the final contribution for Ontario?

Mr. Redgrave: The final contribution for Ontario was \$35 million as opposed to—

Mr. Pope: What per cent is that?

Mr. Redgrave: It is 35 on 600, whatever that is; five or six per cent—just under six.

Mr. Pope: You are saying the position you stuck to and which ultimately became part of the federal-provincial agreement was five to six per cent, with the rider that you thought it was a bad way to go.

Mr. Redgrave: Yes. We did not think it was the way to go and the only reason we would be prepared to do it was in the interest of preserving a common front if they could come back with a deal. They said they might be able to head it off.

Their advice to us was, "We are heading for 20 per cent." That was their bargaining tool. They said, "You can play the risks any way you want." So we were playing a mini-max game with them to try to get our contribution down, to get the employment impact down as low as possible.

Mr. Pope: Once that deal was worked out, Carney went ahead and publicly announced the eight to 10 per cent offer?

Mr. Redgrave: Yes.

Mr. Pope: Were you at that meeting with full authority to bind Ontario, as you were asked to?

Mr. Redgrave: I was not there to bind; Mary Mogford was there to bind us, if you like.

Mr. Pope: She had the authority.

Mr. Redgrave: She made the offer, which was then brought back for ratification and a letter went off to them.

Mr. Pope: It was ratified?

Mr. Redgrave: Yes, a letter went.

Mr. Pope: A letter went from whom?

Mr. Redgrave: It went from Mary Mogford to Gerry Shannon.

Mr. Pope: Can I have that letter, please?

Mr. Lavelle: I do not know where it would be. We will try to get it for you.

Mr. Pope: How was the five to six per cent contribution going to be paid by Ontario? Was it going to be a straight transfer or did you have to

make any agreement on increased stumpage fees or any vehicle?

Mr. Redgrave: At that time it was very—what shall I call it?—notional. As I recall, there was no agreement on how it would be done. It was simply an arithmetic arrangement. The federal position at that time seemed to be that it should be a stumpage fee increase.

Mr. Pope: You did not necessarily adopt that position in your discussions.

Mr. Redgrave: No.

Mr. Pope: Okay.

Mr. Redgrave: There were too many difficulties. We had not gone through—

Mr. Pope: I have two questions and then I will quit. Minister, did Mary Mogford have the authority to bind the province when she attended that meeting?

Hon. Mr. O'Neil: Yes, she did.

Mr. Pope: Okay.

Hon. Mr. O'Neil: You must understand too that the people who were negotiating were keeping in touch with what was going on.

Mr. Pope: I understand that. The last question I want to ask is, with respect to the ultimate result, has there been any allocation to Ontario of the final solution? Is it more than five per cent to six per cent? Was it done unilaterally or is there some agreement between Ontario and the federal government on the allocation and the vehicle under which that would take place?

Mr. Lavelle: No. Those discussions are still going on. There is no allocation on that.

Mr. Pope: I figured that.

Mr. Fontaine: Mr. Redgrave, can you tell me what happened between June and October? Not too long ago at the airport I had a long discussion on this duty on wood with a federal minister. Mr. Kelleher told me there were some other negotiations, that he was negotiating that 10 per cent or a reduction, he thought, between 36 and 30 per cent. He said that did not fly, but they were looking at it at that time in June of last year. Did you have any notice of that or did anyone tell you that?

Mr. Redgrave: I have no recollection of that. I certainly was never at a meeting where that was put. In fact, I was rather stunned when the eight per cent solution was put on the table. I could not believe it was a serious negotiating position. I had not heard of any offer before that.

Mr. Fontaine: He told me in front of Mr. Jovin and people from Timmins what I am telling

you, that he was trying to have the deal before he was given the other ministry. The association told me the same thing, that the feds took over around June of last year. Up to that point, the association was dealing alone, as it did a couple of years ago. They tried to do low-key jawing. Some politicians who went there were low-key too. We did not want the feds. The feds were not involved. I was told that from June on, the feds, Mr. Clark, took over. Mr. Kelleher confirmed that to me last week.

I have another question. Does the duty apply to hardwood and its processing; for example when you buy number 3 lumber and work it to number 1?

Mr. Redgrave: It applies across the board to softwood. There are certain products, which I could not list for you now, that are in there. I am not aware of it applying to hardwood products. For example, flooring, poles and other things are in there. It might apply but it is across the board to softwood.

Mr. Fontaine: Can you find out? I am getting phone calls on the hardwood.

Mr. Lavelle: I have just a couple of points on this whole question, with the minister's indulgence. You are quite correct that in the case of the negotiations that took place, they were very much led by the federal government, basically in concert with British Columbia. As Mr. Redgrave said, that had an impact in the first instance when Miss Carney indicated she wanted to negotiate and had been encouraged by Mr. Baldrige, the Secretary of Commerce in the United States, to make another offer, which we were informed would offset the possibility that a higher rate of duty would be applied if we did not.

After that, when the province decided to re-evaluate its position in the light of the fact that the United States did not respond to the voluntary offer of 10 per cent, which was subsequently withdrawn, the federal government proceeded to negotiate in concert with BC. The position of the government of Ontario, as expressed by Mr. O'Neil and the Premier was that we were not part of that solution.

With respect to the details of working out how the application of the tax is going to be applied, it seems to me that those discussions are going to go on for some time before they are resolved by the federal government and the provinces.

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Mr. Fontaine: May I explain? It is not that the mills of northern Ontario will all be shut down. I want to clarify that. It is too bad Mr. Pope has

gone. The mill that is shut down is a stud mill; a few stud mills are owned by pulp and paper. Those stud mills are not efficient. They used this 15 per cent to close it down. It was like a chip mill. Eleven months and the good stud mills are still working two shifts and some have three shifts. I want to make that clear. In my area, there is Tout's sawmill. Nobody has closed. They have never shipped so much lumber in their life as in January, as I recall the years of history in lumbering in northern Ontario. Ask any old sailor too. We have to watch what we are talking about. We cannot fight it for nothing. Stud mills are different but that has nothing to do with the 15 per cent.

Mr. Lupusella: I would like to state my position in relation to the debate that has been taking place between Mr. Pope and the minister. Mr. Pope gave the impression that the trade mission to Washington was not a success. It was implied that the Premier or the minister did not stand up on behalf of Ontario workers in these trade talks that have taken place for the last year. I think the Premier and the minister should be commended for the trade mission and I concur with the position taken by the minister that the trade mission was a success.

If I may, I would like to make just a short statement. With the US, they have been faced with the worst political environment. As we are all aware, the US is faced with a \$150-billion trade deficit with all trade partners across the world. We are also aware that there are 200 bills before Congress that are all protectionist. The initiative taken by the Premier and the minister to go to Washington should be appreciated because they really stood up for the rights of workers in Ontario.

Mr. Chairman: I am sure the minister appreciates your comments. If you can read Mr. Pope's mind you are smarter than any other person in this room. I am not sure what he had on his mind; we will hear next week.

Mr. Lupusella: He made certain implications that the mission was not a success.

Mr. Brandt: Just before Mr. Morin-Strom proceeds, in your own very competent fashion, Mr. Chairman, you have allocated times among the parties in some kind of an equal fashion. Mr. Morin-Strom and I have come to an agreement that he will go next in case he will not be here next week. I understand the third party will not be here next week. If there is some agreement that I can have most of the remainder along with my colleague the member for Cambridge (Mr. Barlow) who is not here at the moment, I can set

my material aside and let Mr. Morin-Strom go and then come back in the balance of whatever is left today or Monday.

Mr. Chairman: Mr. Brandt, you are rather fortunate. We started here around 3:30 and I took the people who were here as they asked to be put on the list. That is why you are down so far.

Mr. Brandt: I am the critic for Industry, Trade and Technology, sir, and pre-empt other members within reason.

Hon. Mr. O'Neil: I was sort of hoping you would be finished today.

Mr. Chairman: You missed the point, Mr. Brandt. I took the list that—

Mr. Brandt: I understand that, sir. I am only asking that there be an equal allocation of time. The concession I am making is to try to give you some uniform way of proceeding that will meet with your concurrence as the chairman. If you will agree to that, that I can have the balance of the time with respect to our party's position on Industry, Trade and Technology matters, that would be acceptable.

Mr. Chairman: Would you still be here until six o'clock?

Mr. Brandt: Yes.

Mr. Chairman: Let us see how it goes. Your party has had a good deal of the time so far today.

Mr. Brandt: I appreciate that.

Mr. Morin-Strom: You never know who may show up, but I will not be here next week and I think the House leaders knew that a long time ago. We had lobbied not to have this final session next Thursday.

Mr. Chairman: I was not the enemy.

Mr. Morin-Strom: At this point, in any case, let us go on with a couple of subjects.

Hon. Mr. O'Neil: Maybe all the members will finish up today. You never know.

Mr. Brandt: No, that is not going to happen.

Mr. Morin-Strom: I will finish up today.

Interjections.

Mr. Morin-Strom: Okay. I want to look at this total budget, \$260 million, up from \$108 million last year. Where is the technology fund in this?

Hon. Mr. O'Neil: It does not appear in this.

Mr. Morin-Strom: It is not a part of Ministry of Industry, Trade and Technology?

Mr. Lavelle: Not this year.

Hon. Mr. O'Neil: I think you will see that the largest increase was under the industry section

for \$102 million, and that has a lot to do with the BILD fund, has it not Mr. Bronskill? Maybe you would like to touch on that.

Mr. Bronskill: The major increase is in the transfer of BILD-related programs, which were transferred from the Treasury account to the ministry account, and the total in that respect was \$138,666,000. There is a series of changes that have resulted in that increase. There is a net increase in the estimates for this fiscal year over the previous fiscal year 1985-86 of \$108 million.

Mr. Morin-Strom: No, \$151 million.

Mr. Bronskill: Sorry, \$151 million. That is correct.

Mr. Morin-Strom: Going back to the technology fund, so far nothing has been spent, but the major initiative that was announced was the excellence centres, which you called for proposals.

Mr. Bronskill: Centres of excellence, yes.

Mr. Morin-Strom: Why is your fundamental premise on them building the centres based on the areas that already have strong research capability rather than looking at areas of need?

Mr. Bronskill: I understand you have made some comments to the Sault Star.

Mr. Morin-Strom: I made comments to the Legislature as well.

Mr. Bronskill: There were some notes that were made, but we understand that the two northern universities will be participating in as many as three or four of the proposed centres. We will not know details until the notices of intent to apply are received—and I think they have to be in by February 15 of this year—but it is our feeling that the northern universities will be participating in three or four of those.

Also, for your information, Laurentian University is involved in the proposed geosciences centre, and Lakehead University is involved in ground transportation, environmental science and business entrepreneurship. Also, the government is creating new research in the north. Announcements have already been made to create that. A northern forest biology centre in the Lakehead, study of rock mechanics and ground control at Laurentian and a mining research directorate in Sudbury are other possibilities.

Mr. Morin-Strom: How many of the centres will be located in northern Ontario?

Mr. Lavelle: I guess that is not known. The process on which the centres of excellence were set up was based on the advice that was given to

the council. As a result of that, a subcommittee of the council was established, which then developed the guidelines for the centres of excellence. If my memory serves me correctly, Bob Rosehart of Thunder Bay was a member of that committee, but I may have to be corrected.

The process is that they are then submitted or sent out to the universities, the business community and others, and proposals will be received by the selection committee of the council. Decisions will then be made by them, based on the proposals that are submitted.

So no decision has been reached with respect to where these centres will be or who will be involved in them. There will be a panel, as I have said, that will evaluate them, and it is rather an extensive process which is being established under the chairmanship of Dr. Fraser Mustard of the Canadian Institute of Advanced Research.

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Mr. Morin-Strom: But the criteria are clearly discriminatory against northern Ontario. Let me read some of the criteria. Under the call for proposals, the objectives say, "Centres of excellence should be: first and foremost centres of advanced research." They should be "built upon existing research excellence and areas of demonstrated strength and potential strength." Down farther it says they should be "located appropriately where the best proposals and proponents originate."

The first criterion under the proposal assessment criteria says, "Quality of researchers: expertise of project principals must be internationally recognized."

I do not understand why you do not want to bring the expertise into northern Ontario. I think under the objective criteria it does not exist there now. The two universities there are not research universities. There is no graduate school program at either of those two major universities, so under any type of measurement under the criteria you have laid out they cannot compete. If they get it, it is not because of the criteria you have laid out here.

It states that these consortia have to be "located appropriately where the best proposals and proponents originate." They cannot be at either Lakehead or Laurentian in terms of quality of research, because they are not research institutions; as are Queen's University, the University of Toronto, the University of Waterloo, McMaster University and so on in southern Ontario.

That is the university side. Second, there is the industrial side. Industry is vitally important and certainly competitive in northern Ontario. The

industry in the north probably exports a higher proportion of its product than industry anywhere else in the province. It is competitive in terms of the North American market. It is not dependent solely upon markets in southern Ontario. However, there are no research centres in the north. Among major industries, the only company that probably has a significant research centre is Inco, and its research centre is located in Sheridan Park in Metropolitan Toronto.

How is northern Ontario supposed to develop something that I believe is vitally needed in terms of the technology to keep us up to date and to advance our resource sector when your criteria are clear? I think any objective person is going to say, "The north does not have a chance; and in fact it does not have that existing centre of excellence to build on today."

Hon. Mr. O'Neil: First of all, when we talk about the industry side of it, there is not only Inco; there is the pulp and paper industry and there is the steel industry as well. We have no bias. If anything, we would favour looking towards the north. The assistant deputy reminds me that, at the present time, we are working on remote sensing with Laurentian University. We believe there are centres of excellence not only in the university but also in the manufacturing side. I appreciate your concern. It is a concern for the north. It is one that we also have. When we are looking at these proposals, we will take into consideration the views and the concerns you have expressed.

Mr. Morin-Strom: Is it likely to be focused primarily on high technology?

Hon. Mr. O'Neil: There is no doubt that some percentage of it will be in the high-tech area, but as I say, there are other areas—and I mentioned three of them: pulp and paper, steel and the mining industry—that have to be given consideration; they have to be looked at. They are certainly concerns of yours. They are also concerns of ours.

Mr. Morin-Strom: Steel is one I know, because the only steel industry in northern Ontario is Algoma Steel. I have talked to the research director of Algoma Steel and have provided him with the criteria. He has talked about this issue within the steel industry. Algoma Steel will not be part of any proposal. It does not fit the criteria you have laid out. It does not have a world-class research operation in Sault Ste. Marie.

Hon. Mr. O'Neil: Of course, it may not have. You say it does not.

Mr. Morin-Strom: No, it does not.

Hon. Mr. O'Neil: What we are trying to do is to develop things such as that in all parts of the province. If we can work towards something like that—

Mr. Morin-Strom: That is right.

Hon. Mr. O'Neil: Maybe the assistant deputy would like to comment on that too, because he has been very involved with this.

Mr. Redgrave: We have been very concerned to see that there is an appropriate use of technology in a regional sense. The fund, of course, is charged, at least as a first step, with trying to pull together and optimize the resources that exist now. We would like to get the very best where we do have excellence; there is a feeling that more can be done in that sense.

I would not entirely agree that the potential is not there in the north. I think it is. I have had extensive discussions with Rosehart. We are just beginning discussions with Laurentian University on areas such as remote sensing. That is certainly a high-tech area. We have talked with them about the possibilities of using radar for geological development, our role in that and how the north could play a role and be central in it.

We have opened up the dialogue to see how and where and when we can accelerate the pace of research and development and its use in northern Ontario. It is not an issue that is lying passive in the ministry. We are very conscious of it.

We are at an early stage of development. It may be that the industries are up there and the head offices are down here, but the issue is how can we get research and development into position in the north using the universities and the industries and using the fund. We may use the centres of excellence. We may just use the normal features of the fund. The centres of excellence are only one slice out of the fund. The fund has other capabilities as well.

Hon. Mr. O'Neil: That is right, and you have raised the same concern about making sure that a fair amount of the technology fund does go to the north.

Mr. Morin-Strom: Right, but I am concerned that this is a major chunk of it and the criteria appear to exclude us from the opportunity. I agree with the statement where you used the phrase, "The north has the potential to do the work." I say the criteria should be based on potential and opportunity and on what you can do with this kind of funding in terms of stimulating

new activity, not on what already exists, which is how the criteria have been laid out.

A case in point is that, under these criteria, an area that is in line, and I expect it to be part of it, is the Ottawa area. The biggest research centre in Canada is in what they call the Silicon Valley area of Ottawa. Bell-Northern Research is Canada's largest R and D organization, probably four or five times bigger than the second-biggest organization in the province.

If you are looking at putting the research into high tech, to be a competitive, industrial enterprise in telecommunications or in the computer area or electronics, you have to have an R and D organization such as the Northern Telecom family has in Bell-Northern Research. It has an R and D budget of more than \$400 million a year. That is just R and D.

I do not see how this fund, which I think is going to be—it would be a significant fund if you were talking \$10 million, say, for one centre. That would be very significant in terms of the amount of research and the impact it could have on the forest industry or on the steel industry, because it would be comparable to the amount of research that Stelco or Dofasco does. Algoma does only a fraction of that. Algoma basically takes its research from the Japanese and the other producers. It does not do any basic research itself.

When you look at a high-tech industry, the amount that has to go into supporting initiatives and industry in that field is in the hundreds of millions of dollars. It seems to me that the kinds of dollars we are talking about here—potentially, I assume, in the order of \$10 million a year—would have more benefit put into the industries that traditionally have been low in the amount of research and development in relation to the number of jobs in those industries and the total economic impact on the province.

I hope that is all taken into consideration and does not get lost in a high-tech initiative that I am concerned it will not have a major impact on.

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Hon. Mr. O'Neil: I appreciate your concerns, but I wonder whether I might just read into the record something that is part of the preamble of the centres of excellence call for proposals. It reads:

"Centres of excellence are designed to stimulate the production of advanced world-class research to train and develop world-class researchers over the medium to long term, to encourage the transfer and diffusion of technology.

"The goal is to establish an environment which will lead to the creation of new technologies. The benefits which will accrue from this investment in science technology will help to ensure Ontario's future industrial and research competitiveness in the global marketplace."

It goes on:

"Other programs to support scientific research and technological development which are available both under the technology fund, the university research incentive fund and elsewhere in the Ontario government, are geared to technology applications which produce more immediate results in terms of wealth and job creation. Together, these programs are intended to form a continuum addressing Ontario's short and long-term scientific research development requirements."

I think what you are saying is part of that. Your concern about existing industries that do not have the high-tech section, where we need to go in and help update those industries to make them competitive and to make it possible to create more jobs and be viable, is very important.

When we assess the different proposals that come in, I would hope we take into consideration not only what is mentioned in the preamble but also some of the comments you have made. I think they are good ones.

Mr. Morin-Strom: Changing the subject completely now to the Northern Ontario Development Corp., I would like to talk about this document, the development corporation's annual report of loans and guarantees.

We do not have Arne Sorensen.

Mr. Lavelle: Where is Arne today? Probably in northern Ontario.

Mr. MacKinnon: In northern Ontario making loans.

Mr. Morin-Strom: In this document there are a lot of major grants that show zero interest rate on them. What does that mean? They seem to be primarily to the tourist industry. It is on page 14. I am looking at the first page of the NODC.

Ms. Atherton: The zero interest rate applies to the guarantee program.

Mr. Morin-Strom: Those are not loans.

Ms. Atherton: Those are not loans.

Mr. Morin-Strom: What are they, then?

Ms. Atherton: These are amounts that we guarantee to the financial institutions. A bank would give the money and we would guarantee the loan. Since the bank collects the interest, we do not bill any interest, nor do we collect any money on that account.

Mr. Morin-Strom: Are those included in the funds under the NODC budget in northern Ontario? They are not?

Ms. Atherton: Yes, they are.

Mr. Morin-Strom: Even though there is no cash involved.

Ms. Atherton: There is if we have to guarantee a loan.

Mr. Morin-Strom: Where would they appear in the estimates?

Ms. Atherton: Look at page E-79.

Mr. Morin-Strom: Page E-79?

Ms. Atherton: These are the printed estimates, E-79. You would have a similar page there. These are the guaranteed loans.

Mr. Chairman: The only problem we are having is that it is going to be hard to record this exchange.

Mr. Morin-Strom: I would like to know the total amount of loans that have been guaranteed in northern Ontario.

Ms. Atherton: We will have to get you that figure.

Mr. Morin-Strom: This figure cannot be the amount—

Ms. Atherton: These are the losses.

Mr. Morin-Strom: That is the amount of the losses; I would like to know what the—

Mr. MacKinnon: We will get you that exact answer, but as a general rule, our direct-loan guarantees run at about half our loan levels. We will find out what the exact ratio would be in this case.

Mr. Morin-Strom: I notice some tremendous amounts here, almost all of them going to hotels, inns and ski lodges. They appear to be primarily tourism oriented. What are the criteria for them?

Mr. MacKinnon: It is fair to say that much of our lending in the north is heavily tourist oriented. While we believe that the tourism industry is every bit as meritorious in terms of loans, particularly in the north, as any other ministry, we are conscious of the problem you are mentioning which is, I think, concentration in one sector.

To alleviate that problem, we frequently make a considerable number of industrial loans in the north. I described the lending patterns in some detail in a presentation to the standing committee on government agencies in October, and I would be delighted to send that along. It describes exactly to whom we are lending, why and under what conditions.

I think it is a fair comment that a lot of our lending in the north is tourism oriented. We are attempting to broaden out significantly. For example, in Sault Ste. Marie, we have some major loans out to small metalworking companies and we are attempting to ensure that when we do that kind of lending we are building on the natural strengths of that community.

We hope to do more in the future in terms of business-oriented services in the north, for example, computer software and other areas. There are some software producers in the north. It is our hope that we can develop a strategy of broadening our portfolio in the north.

As a supplementary observation, in terms of the new Innovation Ontario Corp. we find we have been successful in that the current ratio of nearly 15 per cent of approved investments made by that corporation so far or contemplated by it are from northern Ontario. They are generally in high-tech fields and in business-related services.

Hon. Mr. O'Neil: The emphasis in the past has been towards tourism loans because there is a feeling that they have created a lot of jobs in the north. There is no doubt that we have tried to place our emphasis, as did the previous government, on diversifying the economy of the north by trying to get more industrial development there.

As you are aware, we have appointed a new assistant deputy minister who will reside in the Sault. We have also opened up two new Ontario Development Corp. offices, one in Kenora and one in Sault Ste. Marie. We have not only put into operation the Northern Ontario Development Corp. to try to spur on the economy through tourism and manufacturing, but also we have put into effect new programs such as Innovation Ontario, as mentioned by Mr. MacKinnon, to try to get some high-technology firms to locate in the north.

We have also gone into the new ventures program, which we mentioned when we had the last estimates. That has been very successful in the north. The Computerized Ontario Investment Network program is the one that works with the Ontario Chamber of Commerce to bring investment into different areas. It has been in the north to make its new program available to people there.

We are trying to diversify as much as we can and not depend upon the tourism industry, but it is still very important. When new hotels or resorts are built it is a big job creator in the north.

Mr. Morin-Strom: You are getting at part of what I was concerned about in terms of it just

going to tourism, but the other area that concerns me is: let us say you take the Sault area or any of these areas, you have a lot of hotels, it looks like there may be a dozen of them, which have loan guarantees for half a million or a million dollars; but they may be only reflecting, for example in the Sault one hotel in the city when there may be half a dozen decent-sized places.

1700

It seems to me it is rather a dangerous practice to be giving major assistance like that to some and not necessarily to others, because it is a very competitive business in which there are a lot of participants. What are your criteria in a competitive business such as the hotel tourism business to be able to get these loans? Are they available to everyone in that industry?

Hon. Mr. O'Neil: A lot of guarantees of the loans are not only for new centres but also for upgrading many of the motels, hotels and resorts in the north. I will ask Mr. MacKinnon to touch a little more on this. All these applications are assessed for viability within a certain area, whether there is enough business to have additional hotels or resorts put in. They are all reviewed by the board of NODC, which looks at all these things very carefully. Mr. MacKinnon could touch a little more on this because it is a question that has been raised before, and it is a concern.

Mr. MacKinnon: It is a question the board frequently concerns itself with as it makes these loans. In our case, the loans to hotels are available to all. The board approaches them on a transaction-by-transaction basis. As the minister says, it does evaluate competitive impacts before it makes loans. If an assessment is highly negative in terms of an additional loan, the board is reluctant to make the loan.

There are communities in which we face an issue of lending to a great many people in the same industry. Typically, there are smaller communities than the Sault where we may be the only major source of commercial credit available, and there are a couple of communities like that. In those cases, we have to be particularly conscious of competitive impacts.

There is another consideration that the board often finds—and some members of our board are tourist operators, people experienced in the industry—that in tourism development we have a critical mass theory of development. Sometimes, if a major facility is upgraded by one of our loans that upgrading is of benefit not only to that business but also to others in the area.

The thing that brings people to the community is the total attractiveness of its accommodation base. If over time that improves through a number of our loans to different hotels and motels, then the result is significant overall growth in the community at no real cost to any individual operator.

Hon. Mr. O'Neil: I can certainly tell you too that we have placed a very high emphasis on using NODC and some of our regional offices to do whatever we can to help to promote all types of business in the north. I know people are not happy with the unemployment rates there, and neither are we. We are doing everything we feel we possibly can. We are hoping to do more to create additional jobs in the north and to assist businesses that will create jobs.

Mr. Morin-Strom: There is one particular one under the NODC listings on page 18 that I asked about last year. I did receive a letter from the minister back on February 27, 1986, updating its status. That is the King Mountain Development Corp., which is a major opportunity of considerable significance to the Sault area.

The letter I received from you indicates that the BILD agreement which expires in 1990 provides for grants towards infrastructure costs in the amounts of \$9.2 million for phase 1 and \$10 million for phase 2. Apparently, given where the dollar was at the time of commitment, 1981, these contributions translate into \$12 million and \$13 million respectively in 1985 dollars, according to the letter we have here. The letter also indicates that to satisfy these commitments, the King Mountain Development Corp. applied to NODC and received approval for a demand loan of \$220,000 in 1984.

The corporation received another \$200,000, requested and authorized in January 1985. Then in January 1986, another \$77,000 loan was made, which to me totals \$497,000. In your documentation under NODC, you are showing only \$77,000 as the loan amount. What in fact is the loan amount outstanding with King Mountain Development Corp.?

Hon. Mr. O'Neil: Can you give the total on that, Mr. MacKinnon? What does that stand at?

Ms. Atherton: Can I offer an explanation?

Hon. Mr. O'Neil: Yes.

Ms. Atherton: This is a listing for the fiscal year. These were made in other years and would be shown—

Mr. Morin-Strom: Is this not a cumulative total of what is currently on loan?

Ms. Atherton: No. This is an annual listing of what was disbursed in that particular year.

Mr. Morin-Strom: Where do we get the documentation on the current status of your loan portfolio and guarantee portfolio for NODC?

Ms. Atherton: We would have that in our audited financial statements as a figure in total. Of course we would have details to support that in NODC itself; however, the listing we provide under the act is an annual listing. You are looking at that right now.

Mr. Morin-Strom: I suggest that it may be valuable to us to see what the totals are as well.

Going back to the King Mountain Development project, I would like to know if you could update me. In particular, at the time the minister wrote to me in February 1986, it was stated that, "An extension of repayment to the two previous loans plus accrued interest was granted to December 31, 1986, when the three loans will become due and payable." That has passed, of course.

We also have a statement here, "We have advised the company that further financial assistance will not be entertained by the Northern Ontario Development Corp. and that they must finalize their financial responsibilities by December 31, 1986." This implies that the loan presumably was paid on December 31, 1986. Was it paid? What is the status of that development?

Mr. MacKinnon: Ms. Atherton has the details of that transaction. Perhaps I can ask her to speak to it. We would want to confirm them in every detail for you afterwards.

Ms. Atherton: This matter has been under review and at the last board meeting it was pending their contribution of equity. I do not have all the details, but I can give you a quick overview. We approved a \$500,000 guarantee to King Mountain in order to help the corporation to proceed with its studies and a preparation of the prospectus.

Mr. Morin-Strom: Has it repaid the loan?

Ms. Atherton: No. We have granted it an extension on that loan.

Mr. Morin-Strom: You have granted an extension of the \$497,000. What is happening with the cumulative interest on that loan? Are they paying it?

Ms. Atherton: No.

Mr. Morin-Strom: Is it an interest-free loan?

Ms. Atherton: No. Interest is accruing on the loan.

Mr. Morin-Strom: What is the total of the balance?

Ms. Atherton: Including this \$500,000 guarantee, the province, you could say, has contributed about \$1.1 million at this point, if it takes up the \$500,000.

Mr. Morin-Strom: The guarantee?

Ms. Atherton: Yes.

Mr. Morin-Strom: I thought a contribution was all cash from the province.

Ms. Atherton: No. It is not cash, but it is a possible exposure if the guarantee has to be honoured.

Mr. MacKinnon: The answer, sir, would be about \$600,000 plus the \$500,000 guarantee.

Mr. Morin-Strom: How long is the province going to continue to prolong the issue of this project? Are we going to see action on it, or are you going to ask them to come up with the money at some point?

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Hon. Mr. O'Neil: Is there a general negotiating agreement, which will see a public offering? Is that not what they are working on now?

Ms. Atherton: Yes, that is correct.

Mr. MacKinnon: They are seeking outside funding via public offering, and it is my understanding that they have also arranged other financing, the terms of which I am not certain of at this moment, from a major trust company. At this time there is some private sector participation in the development in that sense. The success of the public offering, as I understand the timing of it, is not known at this point.

Mr. Morin-Strom: How long is the extension for?

Ms. Atherton: I believe they are hoping to have the prospectus out in March, so they would review the situation again at that time.

Hon. Mr. O'Neil: Have you some concerns?

Mr. Morin-Strom: This has been a nagging project in Sault Ste. Marie for many years. It has in some sense been promised to the community by the government and certainly by the developer. I do not know what the money has been spent on. The province has provided them with more than half a million dollars to this point, and we have not seen anything tangible from it. There are some concerns in the community about whether this project will go ahead. At the same time, there are some alternative uses possible for the property, so there is some conflict as to

whether the proposal is a good one. I have some concerns about it in that vein.

Mr. MacKinnon: Would it be helpful if I summarized the board discussion on this by the minutes of the last meeting?

Mr. Morin-Strom: Yes, please.

Mr. MacKinnon: The sense of the board is also that this proposal has been in the embryonic stage for a considerable period of time. It did appraise the project quite carefully at the meeting at which the \$500,000 guarantee was authorized. The thing that gave the board some sense of optimism was that this time there was some interim financing from other lenders available to the project and there were fairly well-developed plans, supported by documentation, to go for a public issue. That was the first thing that from the board's point of view seemed to be quite an optimistic set of developments.

Second, the board did consider greatly the exact market for this particular development and where it would be. There was much discussion on that. The population figures in Michigan as you go down the peninsula were estimated to be something in the order of two million to 2.5 million people, on whom this project could be expected to draw.

If the board took a look at it in the light of that potential market, rather than the much more limited market in Ontario, which had hitherto been considered as perhaps the major drawing source, if you look upon it as a major attraction in an area with a population of 2.5 million, as we did in this event, then its prospects for eventual success were very considerable.

I am trying to recall the discussion in detail, but the board also considered the off-season uses of the property and whether a development which consisted of several other components was the way to go. I think there was a general sense that it was and that some of those plans existed with respect to this project. It was those three considerations that figured most in the recent board review of it.

Mr. Morin-Strom: Is the board aware of the conflict between the fact that this downhill ski resort has the potential to impact seriously on what is probably the best cross-country skiing facility in the province today, Stokely Creek Lodge?

Mr. MacKinnon: As I recall, that did not come up at the board meeting explicitly. However, I believe at least two, perhaps more, of the board members involved in the decision were from the Sault and they were knowledgeable in

some detail on the structure and prospects for this project. As I recall, without getting into the detailed voting patterns of the board, both were highly enthusiastic supporters of the project.

Mr. Morin-Strom: I would say the skiing community in the Sault was quite split on it.

Mr. MacKinnon: As I recall the discussion—and again, it is hard to recall every detail—there was some awareness of differences of opinion on some aspects of the project, of which this was one. The two Sault board members were highly persuasive in terms of the other members of the board.

Mr. Morin-Strom: Who are they?

Mr. MacKinnon: Mr. Topps and Mrs. Adams.

Mr. Morin-Strom: Is it possible to get an update on this?

Hon. Mr. O'Neil: Yes, we will make a note of that. We will be very pleased to do that. It is something we are keeping a very close watch on too. We figure that if it does go ahead successfully it will be a great asset for the Sault, as Mr. MacKinnon has just mentioned, in attracting business not only from Ontario but also from the United States and in bringing in a lot of tourism dollars for the Sault. It is one of those things that we hope will be successful, and it has had a lot of scrutiny by not only the Northern Ontario Development Corp. but also the board members.

Mr. Morin-Strom: I think it would be an asset in terms of attracting downhill skiers. You may turn away an awful lot of other types of tourists, particularly cross-country skiers, who are coming into the Sault now. There have been other proposals for sites in the area. Certainly the Haviland Heights one has been proposed, as well as the King Mountain one, which is almost adjacent to it.

I cannot give my blanket endorsement to this project. I would ask that you seriously look at whether this is the best site for this and whether the Haviland alternative might be a better one. That is all on that subject.

There is one other subject I will perhaps lead into. Mr. Brandt might have some questions on it as well. This has to do with concerns expressed by Red Pine Instruments about the operation of the microelectronics centre in Ottawa. It is from Mrs. Dianne Isaacs.

Her concern was that she had a niche in the business that she had been developing, and the microelectronics centre in Ottawa interfered in her marketplace, you might say, by developing a

competitive product for another small electronics firm without any consideration of whether there was a competitor already in the field and that it was duplicating the work of that competitor.

I know there has been some communication back and forth with the minister. There was a letter from the minister to Mrs. Isaacs dated January 20, and I see a letter from her back to you on January 23, expressing continuing concern about the operation of the microelectronics centre and its interference in the marketplace. At this point do you have a response to her most recent letter?

Hon. Mr. O'Neil: Maybe I could read into the record the letter I wrote to her on January 20. I believe Mr. Brandt also called our office on this, did you not?

Mr. Brandt: Yes.

Hon. Mr. O'Neil: I wrote back to her:

"I would like to apologize for the delay in responding to your letter of November 26, 1986, to Mr. Peter Wilkinson, in which you raised concerns with respect to the work undertaken by the Ontario Centre for Microelectronics with London Mat. Based on your concerns regarding the centre's involvement with this client, I understand you have had discussions with ministry staff and met with officials from the centre on November 24, 1986.

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"It has taken some time to review your background information, as well as the report submitted by ministry staff and a report by Mr. David Rothwell from the centre in response to your concerns. I have satisfied myself that the centre determined to the best of its ability that the technology proposed by London Mat was not protected under patent or copyright. As such, the centre proceeded with a contract to undertake technical work with London Mat. The centre has assured me that they were unaware of any improprieties which you allege in undertaking their work with London Mat.

"I am unable to comply with your request that the data link design work being carried out by the centre for APC Ltd. be stopped or that Red Pine receive redress for both the microprocessor and data link designs. At this stage I would suggest that if you feel you would like to discuss further your concern regarding the conduct of the centre, a meeting be arranged between yourself and Mr. Chuck Williams, chairman of the board of the Ontario Centre for Microelectronics. I have asked Mr. Williams to contact you on his return

from a trip in early February to discuss this matter directly with you."

Ann, would you like to add anything to this?

Mrs. Whalen-Griffin: Yes, I would.

Hon. Mr. O'Neil: Do you want to come up and introduce yourself, who you are and what you do?

Mrs. Whalen-Griffin: I am Ann Whalen-Griffin. I am the director of the technology and policy area in the Ministry of Industry, Trade and Technology.

I spoke with Mr. Williams this morning. He was in Mexico for the past three weeks. He returned on Monday. He was in Ottawa at the centre. He is the chairman of the centre. He was at the centre yesterday. They had a board meeting this morning. They reviewed all the correspondence from Mrs. Isaacs at the board meeting. There were 13 of the board members at the meeting. They spent an hour reviewing the issue.

Following the meeting, Mr. Williams was in touch with Mrs. Isaacs and agreed to drive to her company next Tuesday with her and her husband. It is a very small, two-person operation. Mr. Williams agreed to spend whatever time is necessary to review all her concerns.

Mr. Brandt: One part of the response that concerns me in the letter you have just read is the comment you make about the fact that the technology in question had not been patented. I do not think there is any question about that, and the writers admit to it quite openly. But they also suggest, I think with some degree of validity, that because of the very rapid development of technology in the field they are in and the type of business they do, they do not have the opportunity, as perhaps some other larger companies or companies dealing in different types of products may have, to proceed with the very lengthy patent exercise and to go through all the necessary stages and the cost that is associated in order to patent their product properly.

Effectively, what has happened, if this company is right, is that they have been left out on a limb to a great extent. They have very specific technology with a very limited, precise market. The market is primarily in Canada, with some limited application in the United States because of the less developed transit systems in the American market. As a result, they feel that after they have invested all this money to develop the technology, they have literally been cut off at the knees by what amounts to a corporation that is government funded.

We have to be very sensitive about this kind of intrusion into the private marketplace. Either

there has to be recognition that the microelectronics centre can compete openly with these kinds of contracts, or, if there is a benefit of the doubt, I think it has to be given to the small entrepreneur who is out there without the full weight of government helping him to develop, bring forward and mature his particular product.

I have some concern about the fact that in your letter—and I am not trying to be overly critical—you do make a comment that the product was not patented, so therefore they do not have any protection. I think it goes further than that. It may not be a legal matter that you are dealing with in terms of any violation of patent rights, but there may be an ethical and moral obligation that we have, as government, to be a little more sensitive towards the kind of situation that has developed here, where this company is now facing a substantial loss because it has lost this market.

I do not know whether the board discussed this, but I think it is a matter that has to be discussed. I know it is not an easy matter. I recognize that is so whenever government is involved in an activity that may well be very legitimate. If there is some private sector involvement as well, then you always have the balancing act of what is right and what is wrong in terms of how far you go. I do not want to be overly critical of that, other than that I think we have to be extremely careful and I hope the board will take that into consideration.

Hon. Mr. O'Neil: It is something we certainly are looking at. The centres are being reviewed. I am pretty sure that London Mat Industries is quite a small company. It is not that large, although it has done a fair amount of business lately and has picked up some fair-sized contracts. It started out very small. As you say, it is a problem that you had to work with in government when you were in the ministry, and there are not always immediate answers.

I had not received an up-to-date report until Mrs. Whalen-Griffin just mentioned it now, but it is hoped that when we visit them again—I do not know whether there is any way we can help. Have you any suggestions?

Mr. Brandt: I think the damage has been done in this particular case. It is very difficult to roll back the clock, but I think the ministry has an obligation because of its relationship with the Ontario Centre for Microelectronics to find out from this company what it would like to do by way of redress at this point.

I think some damage has been done. Not only has damage been done, but also, interestingly enough—and I do not know whether my colleague

the member for Sault Ste. Marie (Mr. Morin-Strom) is aware of this—the microelectronics centre is using this very technology as part of the promotion in its slide presentation. It is showing this as one of the great developments with which it has been involved.

Mr. Morin-Strom: This is one of the success stories. When I visited the microelectronics centre last year, one of the projects it flashed as one of its winners was this electronic mat operation, and I understand it has been written up in one of its new brochures. Presumably, one of the objectives here is to get into new areas and develop opportunities for more jobs in a business that did not exist before. To find out that you have developed something just to put someone else out of business has not contributed very much to the province.

Hon. Mr. O'Neil: Mrs. Whalen-Griffin, do you have comments about that?

Mrs. Whalen-Griffin: Yes. I can respond to several of the concerns raised. In fact, the board reviewed most of these concerns this morning. I will deal first with the allegations made by Dianne Isaacs that her specifications were proprietary and that they were taken by London Mat, and in turn used by the centre and designed into London Mat's product.

Although she alleges that her specs were of a proprietary nature, when the centre reviewed what London Mat had received from Isaacs, it found that London Mat had received a marketing brochure that was in the public domain. This is my understanding of what Dianne Isaacs transmitted to London Mat. These were not confidential proprietary specs but information in a marketing brochure. When the centre undertook the first contract with London Mat, it had not seen this marketing information, other than very general specifications.

The centre staff did go to London Mat, and at one point they saw a package that was molded shut. In that package was one of the data links produced by Dianne Isaacs's company. Chuck Williams informed me this morning that this package was molded shut, so the centre could not even do reverse engineering on what Dianne Isaacs is alleging was designed into this product. It is beyond Chuck Williams, the chairman, at this point to understand how Dianne Isaacs can be suggesting this information was of such a confidential nature when he feels it was really a marketing brochure.

In terms of the response from the minister, where he indicated the centre did a patent and trademark search, that is standard operating

procedure at the centre. Of course, we all know that in this fast-moving high-technology business, the opportunity to patent is really not there. In fact, many of the products are not around long enough to be patented. That is common knowledge. Dianne Isaacs has taken a real shot at the ministry for not recognizing that when, in fact, we did recognize it. However, the centre does such a check.

When they did the proofs contract for London Mat they did not know that Red Pine was in the market. However, when I questioned Chuck Williams on that, he indicated that it really would not have made much of a difference.

London Mat came to the centre with a design that it wanted incorporated into its product. They were willing to pay the centre market rates, although Red Pine is suggesting the centre is subsidized. The centre is subsidized by the government, but they charged full market rate on this one. In fact, they charged above the market rate.

Mr. Brandt: You are talking about total recovery for the amount of research they put into the product?

Mrs. Whalen-Griffin: Yes.

Mr. Brandt: I have seen their budget. That amazes me.

Mr. Morin-Strom: When you say "total recovery," is that at market rate?

Mrs. Whalen-Griffin: They are charging market rate on the per diem—

Mr. Morin-Strom: I have seen your budget and you are recovering at market rate, but your costs of operation are higher than that.

Mrs. Whalen-Griffin: That is why I prefaced my remarks by saying that, of course, we all know the centres are subsidized for their marketing and promotional material, etc. But they did charge a full per diem rate.

In terms of some of her other accusations, the ministry feels that is really a legal issue between Red Pine and London Mat.

As far as the second design you mentioned is concerned, there seems to be some confusion as to whether the technology she is using is really unique. It was explained to me this morning by several of the board members, including Dr. Wally Pieczonka, the president and chairman of Linear Technology and quite a recognized expert in the area of microelectronics, who is a board member and who was at the meeting this morning, that the infrared technology that Isaacs is using in her product is not unique. It is the

technology we use in changing channels on our televisions.

Mr. Morin-Strom: She is running a two-person operation?

Mrs. Whalen-Griffin: That is right.

Mr. Morin-Strom: I do not think she has ever claimed that the technology she is using is unique.

Mrs. Whalen-Griffin: She has claimed in correspondence that her technology is unique.

Mr. Morin-Strom: Her product is what is unique.

Mrs. Whalen-Griffin: Her product is different from the product the centre assisted London Mat to design. The products are different. They are both competing in the same marketplace, but the products are quite different.

If London Mat had come to the centre and if the centre had been aware that there was another product in the marketplace that was identical, we have a policy not to design into exactly the same product. But the product London Mat was designing is, in fact, quite different. Obviously, the technical people at the centre and on the board have reviewed the technical specifications of the product they have designed for London Mat and compared that to what they know about Red Pine's product. They have concluded that they are two very different products.

In terms of the centre's consultation and work it performs for companies, not only is this to make the companies more competitive with foreign competition, but since the centres were established they are also assisting companies every day of the week to be more competitive with companies down the street.

That is why the centres were set up, to assist Ontario industry. Unfortunately, in this case there are not many other companies in the particular business that Red Pine is in. In assisting London Mat, the bottom line is that London Mat wanted the centre to design a product that would compete in the same marketplace with Red Pine, although it is a different type of product. The centre has done that, and London Mat is competing in the same marketplace. It is not a unique situation.

Mr. Brandt: Certainly that is not what the parties are saying in the correspondence that we have received. Let me read you one part of it: "The OCM will not duplicate its design efforts for a second user. The OCM is, however, willing to duplicate designs produced by a given private business for their own clients who compete in the same market as that private business. While this

policy would be acceptable in private business, it is definitely unacceptable for a public corporation which must be above reproach and even-handed at all times."

You are rejecting that allegation completely. You are saying that does not happen.

Mrs. Whalen-Griffin: I am saying that, as Isaacs has indicated, the centre will not duplicate and design a product that is already in the marketplace. It designed a different product from that of Red Pine which competes in the same marketplace. The product is to count the passengers on buses. It is competing in the same marketplace but it is a different product.

For example, Dianne Isaacs's product is not designed so that it can be used 12 months of the year. It is not sensitive to atmospheric changes, so it cannot be put on the outside of a bus. The product London Mat designed can be used in any weather conditions. It can be put outside the bus, and there are many other technical differences that, quite frankly, I do not understand.

The chairman informed me this morning that when the board reviewed it—as I said, they do not have Dianne Isaacs's product because it was moulded into a pot and they have not seen it. All they have seen is this marketing brochure. They assured me the products are different; and in terms of the rest of the statement, as I said the centre assists companies to be more competitive. That is not just with the Japanese, the Swedes or the Germans; it is also with Ontario companies; and that, in fact, has been happening for more than four years.

Mr. Brandt: I am satisfied that you are on top of it. Would it be possible for my friend from the Sault and I to get a report back as to what happens at the meeting you are going to have? One of the problems I see is that we have had this avalanche of information with letters going back and forth and no resolution of the problem. An eyeball-to-eyeball meeting may well resolve the issue if you can find a way to do that. If that can be done, I am satisfied to drop the issue because I do not think we should pursue it for ever.

I am not pursuing this issue in concert with my colleague simply because of this one company. What I want to do is to underline the importance of the unfair competition aspect of the centres vis-à-vis the private sector. That is one of the points I wanted to put before the minister in our discussions through these estimates. We have to be extremely careful about that because these kinds of complaints will obviously come forward in any instance where you cause some undue difficulties for the private sector.

First, can we be assured that the matter will at least be reviewed in terms of policies and the way in which these things are proceeded with throughout the centres in Ontario? Second, can we get a report back, I hope with the resolution of the problem in some fashion? I am getting more information today, as an example, about the condition and application of the product and the differences in the product that London Mat ended up with as opposed to what the Isaacs people developed. All these things are somewhat new to me in terms of information, but if we can proceed in that fashion I will be pleased to go on to something else, if my colleague is satisfied.

Hon. Mr. O'Neil: We will be very pleased to keep you up to date on what happens. I will ask Mrs. Whalen-Griffin to make a note of that.

Mrs. Whalen-Griffin: As well, the board suggested this morning that after the chairman meets with Ms. Isaacs next week, the letter they send to the minister should be the letter that is also included with the minister's letter back to Red Pine. We would be delighted to send you exactly the same information that we get from Chuck Williams, the chairman.

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Mr. Brandt: We had some discussion earlier in connection with the very sensitive area of trade with our friends in the United States. I would like to hear from the minister why the current government is not looking more favourably upon the establishment of an office in Washington, recognizing the way in which all these trade matters are heating up.

My colleague from Timmins, the member for Cochrane South (Mr. Pope), spoke at some length about the problems in the steel industry, the auto pact and other aggravations that we are attempting to deal with. Would it not seem logical at this time, obviously with the concurrence and agreement of the federal government, that we should look at some of kind of permanent established office in Washington to deal with these matters?

Hon. Mr. O'Neil: We have a lot of offices located throughout the world with which you are fully familiar. I think they do an excellent job. They keep us in touch with what is going on in those countries and assist us in trade matters, trade disputes and with additional business. It is my understanding that we would like to establish an office. We would love to have one in Washington but Ottawa would prefer that we not have one there. I do not know whether it is because, being the capital, Ottawa feels we

might be infringing upon its territory. Am I correct in this deputy, that we would like to establish an office but there has been some reluctance in getting permission from the federal government?

Mr. Lavelle: I think it has been stated publicly by the government on a number of occasions that the desire to establish a Washington office has been conveyed both to Mr. Gotlieb, the ambassador in Washington, and to Mr. Clark, the Secretary of State for External Affairs. In each case the response to that request has been that the federal government does not favour Ontario or any other province establishing what would normally be a trade office or a representation office.

We have also requested the opportunity to have a person representing the government of Ontario in the embassy in Washington, as we now have, for instance, in Seoul, South Korea. That request has not found favour in Ottawa either. In wanting to have representation, it is not so much a question of the desire of the government to do that as it is a question of the reluctance of the federal government—for a number of good reasons, I would suggest—to open the embassy to the opportunity, or indeed the expectation, that there would be different messages sent forward by 10 provinces and the federal government to the rather complicated scene in the Congress in Washington.

Mr. Brandt: I can appreciate part of the argument, but there are really only four provinces actively engaged in trade offices throughout the world: Alberta, British Columbia, Quebec and Ontario. From time to time, the federal government raises some concerns about these trade offices and about some conflicts that occur between a trade office and an embassy. I see the role of an embassy, and I am sure you have pointed this out to the federal government, as being entirely different from that of a trade office. Our trade, of course, involves politics, but the embassies are involved in a whole series of things that in many instances have very little to do with trade, where we are trying to increase business or improve trading relationships and that kind of thing.

I would like the minister to continue to pursue some substitute, if you will, something other than a trade office, at least a representative office of the province in Washington, if that is possible. I do not think we should let the matter die because we are represented in New York and many US cities. I have raised a concern with the minister in previous discussions I have had with him about

the closing down of the Philadelphia and San Francisco offices. I think this is the wrong time to be closing offices in the United States, particularly because of what the minister just said, that the offices you have in the United States represent Ontario's interests to a certain extent in that jurisdiction and help us to overcome some of the misunderstandings regarding our trading relationship with our US friends.

I have said it frequently enough that you know my feelings about it. It is the wrong time to be closing those offices when you have a stated policy of strengthening trade. Even in your statement, you indicated the importance of export sales and so forth with our largest customer. You close down two offices and you say there is one office that might help that we cannot open because of objections on the part of the federal government. It bothers me that these two moves, which I see as intrinsically related, are going to cause us some problems in terms of our anticipatory response to further trade aggravations that may be raised by the United States.

Hon. Mr. O'Neil: We would love to have an office in Washington. We have just made a new appointment as agent general in New York, Walt Stothers. In our discussions with him we have stressed the importance of having Washington looked after out of the New York office, by himself. This will be one of his main duties. He was in Washington with Mr. Peterson. We will continue with our other lobbying to see whether there is something we can do within Washington itself, but because of the problem that exists we will be looking after Washington out of New York. I assure you it will receive a lot of emphasis. As you mentioned, with many of the things that are happening, much lobbying needs to be done in Washington.

Mr. Brandt: Very much so.

I would like to move on to a matter I wrote to the minister about some time ago with regard to the user fees that were imposed by the US government. I wonder whether the minister can give us a status update on what has happened with respect to that issue. I registered concern with the minister when the US was talking about a user fee principle. Can you indicate what actions you took with respect to any objections you may have raised with either our federal government or with the United States directly, and where that matter is at the moment?

Mr. Lavelle: As I recall, the question of user fees was raised by you and others. I remember quite clearly that when this was addressed the minister made a statement in the House indicat-

ing he was in the process of raising it with Miss Carney who subsequently has been carrying on discussions with the United States government on behalf of this country.

There have been no new developments in that process that come immediately to mind. If John Brady has any particular comments he would like to make he might be able to—

Hon. Mr. O'Neil: John, will you identify yourself for the record.

Mr. Brady: I am John Brady, senior manager of trade policy with the Ministry of Industry, Trade and Technology.

I would just like to say that at the General Agreement on Tariffs and Trade the government of Canada is raising disputes of the perceived process, the question of the United States' user fees and the impact of those user fees on Canada. Mr. O'Neil has written to the Minister for International Trade on a couple of occasions to register our concerns about this issue. The government of Canada has raised it at the GATT and doubtless it will appear as a component of the Canada-United States bilateral trade discussions under way at the present time.

Mr. Brandt: I want to get into the GATT matter as well. Perhaps while we have Mr. Brady here, with your permission, he can apprise the committee of the negotiations that are going on relative to GATT and any successes or failures he might want to share with us at this time.

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Mr. Brady: As you know, Mr. Brandt, there was a GATT ministerial meeting in Punta del Este, Uruguay, in the second week of September 1986, at which time it was decided to formally launch a new GATT round of trade negotiations. Given the approximately 90 member countries of the GATT, that series of negotiations will presumably be rather extended in a time sense over years.

The ministers meeting in Uruguay requested their officials to reach a preliminary negotiating agenda by December 19. That deadline or target date was not reached, primarily because of the difficulties, not only in many of the issues that will be under negotiation but also because of the difficulties between the US and the European Community with regard to the enlargement of the community to include Spain and Portugal and, of course, the difficulties between the US and the European Community with regard to agricultural export subsidies.

The issue with regard to compensation between the European Community and the US over

the broadening of the European Community to include Spain and Portugal resulted in a last-minute resolution at the end of January, and it is now anticipated that the December 19 target date will be reached by mid-February, which should allow for faster progress. It is unlikely, however, there will be any substantive negotiations until mid-fall of 1987, and presumably until such time as the Americans have had an extension of their GATT negotiating authority which will be part of the administration's trade bill.

That will then lead to negotiations in the US about a trade bill that will need to be carried out by the House of Representatives, the Senate and the administration over the course of the next few months. Until such time as the US has received its negotiating authority, it may well be that those negotiations in the GATT sense are not proceeding as rapidly as they might otherwise.

Mr. Brandt: Are you apprised of the specific case before the GATT dealing with the objection that has now been filed by the European Community relative to LCBO pricing?

Mr. Brady: Yes.

Mr. Brandt: Could you give us a status update on that?

Mr. Brady: I am not able to provide you with the details of the emerging negotiating positions because there is a rule of GATT methodology that negotiating positions are not to be discussed. Obviously, the Canadian negotiating position is one that is moving through alterations, as does the European negotiating position, so I really cannot provide you with the specifics of the negotiated position.

However, in terms of the timing, there has been one panel session, and it is anticipated that there will be another panel session in March. A panel is composed of three countries which would review the briefs from the two countries in the dispute and would also review any comments that other contracting parties to the GATT, other countries, may wish to provide to the panel on the issue.

The GATT dispute settlement mechanism places a considerable degree of emphasis on settlement. To some extent it may well still be possible that there could be a settlement between Canada and the European Community outside the formal dispute settlement process. The panel deliberations are now under way. The first panel meeting has been held, and another one is anticipated in March. Beyond that, it will be at the call of the chairman and the other panellists whether they want to move on to a third panel meeting.

Mr. Brandt: In part, this springs out of your response and deals again with the area of liquid refreshments, of which I know very little. I want the chairman and the minister to know that. It is only by word of mouth that I receive some of this information.

The Vice-Chairman: We believe you.

Mr. Brandt: I wanted to call specifically to your attention an area where we, as a province, caused some aggravations and some difficulties that were unnecessary and that could well have encouraged some form of retaliatory measures on the part of our friends in the US who were apprehensive about some things that were being mused about in Ontario.

That area is the sale of only Ontario wines in corner stores as part of the whole initiative the government was considering. It was my understanding we would be in direct violation of the GATT, and our agreement with the US and the European Community in particular as other suppliers of wine into our market, if we attempted to block them from the sale of such products in Ontario stores.

I remember discussing this at the time the suggestion was being made that this would be a great way, and I do not disagree, of increasing the sales of Ontario products. At the same time, it may be in direct violation of our agreements with our trading partners. Do you have an opinion on whether that would be a legal way for us to move, if that measure, namely, to sell alcohol products, beer and wine, in corner stores and to limit those sales to Ontario products, were approved by the government and the Legislature?

Hon. Mr. O'Neil: It did not happen, so if I were to comment on it, it would not really matter. There were concerns expressed with regard to what you have just expressed.

Mr. Brandt: By your ministry?

Hon. Mr. O'Neil: By people in general.

Mr. Brandt: I raise the point because, if you are trying to improve trading relationships with other countries, obviously when you put up a barrier you can expect some form of reciprocity from them. When you talk about blocking people from coming into your market, that sometimes creates a situation where they become angry. The California and New York state producers were very apprehensive about what was being considered as government policy on the Ontario side.

I think the ministry has a distinct obligation at that time to try to defuse arguments and complaints that may arise about the auto pact, steel, lumber and a whole host of other things. I

know we are running out of time, but the reality is that sometimes an aggravation such as Ontario-only wines, even if it is only a proposal or a suggestion, can make it look as though we are trying to set up barriers or closed markets within our own jurisdiction and yet ship without any restrictions into the other guy's market.

The world is not built that way. It does not work that way. I feel the ministry has an obligation to make strong representations to other ministries and other government officials at that time and point out the facts of life to them. Do you agree? You are nodding, but I do not know whether that means concurrence, total agreement, overwhelming agreement or enthusiastic agreement. Pick any one of the above—I do not care—or none of the above.

Hon. Mr. O'Neil: You make some very good points.

Mr. Lavelle: Could I comment on another issue, Mr. Brandt, having to do with the customs user fee? I have found the note which may help explain precisely where this matter stands. In the face of the US refusal to modify its legislation, Canada has requested consultations under GATT article 22. These were held on December 16 in Geneva. Canada's view that the proposed US fee was inconsistent with GATT was supported by 10 other countries and the US was unable at that time to provide details of the program.

A second round of consultations will be held in the early part of this year—I do not know whether they have been held at this point—at which the US customs authorities have promised to provide detailed information. If the US continues to refuse to modify its practices, the federal government is intending to ask for a GATT panel. There is action ongoing and continuing in that matter, and the attempt on the part of Canada is to encourage other countries to join with Canada in opposing this fee.

Mr. Brandt: This might be an unfair question because I know these things move very rapidly and are perhaps difficult to total up, but do you have any idea what the cost has been to date to Ontario exporters and others who are impacted by the freeze?

Mr. Lavelle: The tax, 0.22 per cent ad valorem, under the guise of the customs user fee, became effective on December 1, 1986. Total revenues envisaged are in excess of \$750 million, of which \$210 million would derive from Canadian exports.

Mr. Brandt: Over what period of time? Is that annual?

Mr. Lavelle: That would be an annual projection. I have no idea what, in fact, will be collected.

Mr. Brandt: It is not an insignificant amount. We have discussed a fair number of issues in today's session. If you look at the possibility of those kinds of numbers, it starts to reach something close to the problem earlier explored by my colleague from Timmins relative to the lumber industry. It is a very significant and very large figure.

Mr. Lavelle: I think the most important implication is the fact that there is going to be a valuation process that is even going to impact on the duty free exports from Canada to the US, and that was not there before. The difficulty is that it becomes a nuisance tax as much as it becomes a tax on the export of Canadian goods, but it fits into what is occurring in other areas as well. The fairness of it, if there is any fairness, is that it applies across the board to other imports from other countries as well. It is not as if it is just a tax on Canadian exports.

Mr. Brandt: The chairman is looking at me askance at this point.

The Vice-Chairman: You are right.

Mr. Brandt: You have a look that indicates I am to close off very quickly. Perhaps in terms of

helping the minister and his staff when we resume, I understand at 9:30 a.m. on Monday—

Hon. Mr. O'Neil: On Thursday.

The Vice-Chairman: February 12.

Mr. Brandt: I want to pursue the issue of interprovincial trade barriers as one of the first topics of discussion, if I could, at that time. I would like to have some indication of the initiatives taken by Ontario as they relate to the removal of some of those barriers and an update on that. I would also like to get some expansion of the US overview of Canadian interprovincial trade barriers, which they see as being a necessary first step to any trade enhancement program with the US.

In other words, as I understand it, and I believe the minister has said this as well, before they move towards any kind of improved trade position with Canada, they want Canada to remove some of the other impediments, provincial trade barriers, as well. If we would get into that area of discussion I would like to discuss that on Thursday.

The Vice-Chairman: Thank you very much, Mr. Brandt; and on that we will adjourn until next Thursday at 9:30 a.m.

The committee adjourned at 6:04 p.m.

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Thursday, February 5, 1987

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Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on General Government

Estimates, Ministry of Industry, Trade and Technology



Second Session, 33rd Parliament

Thursday, February 12, 1987

Speaker: Honourable H. A. Edighoffer

Clerk of the House: C. L. DesRosiers

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON GENERAL GOVERNMENT

Thursday, February 12, 1987

The committee met at 9:35 a.m. in room 228.

ESTIMATES, MINISTRY OF INDUSTRY, TRADE AND TECHNOLOGY (continued)

On vote 2001, ministry administration program:

Mr. Chairman: We do not have any members of the New Democratic Party at this point, but we do have the minister to represent the Liberal Party.

There was agreement last week that most of the time today would go to Mr. Brandt and his colleagues, due to the fact the NDP was given considerable time at the close of the last session. So I will see a quorum. We will commence again at vote 2001. I understand the minister has some matters he would like to put on the record before we get into questioning.

Mr. Brandt: As we closed the last session, I indicated to the minister that I wanted to spend some time on the issue of interprovincial trade and some of the barriers that exist at the moment between the provinces.

Hon. Mr. O'Neil: This is what my statement is about, if I might lead into it. You suggested that. It is a four- or five-page statement. It is not very long.

Mr. Brandt: Okay. I am trying to accommodate my colleagues as well. I believe Mr. Pollock has some questions. I was going to give him the floor. Perhaps the minister could go ahead and after that Mr. Pollock could ask his questions. Mr. Guindon may have some questions as well. Then if you could come back to me, Mr. Chairman, I will carry on from there.

Mr. Chairman: Since Mr. Pollock was the first one here this morning, I thought I would let him start.

Mr. Brandt: Do you want to go ahead with the minister's statement first?

Mr. Chairman: The minister first.

Hon. Mr. O'Neil: I would like to take this opportunity to outline Ontario's position on interprovincial trade barriers. I would add at this point that Mr. Brandt's question last Thursday was most timely, since the following day the federal-provincial task force on interprovincial

trade barriers met in my boardroom to discuss further actions for barrier reduction.

It is a well-known fact that barriers to interprovincial trade, whatever their rationale, adversely affect the Canadian economy. Moreover, interprovincial barriers fragment the domestic market and effectively reduce its size. This prevents industries from achieving economies of scale and impairs Canada's international competitiveness.

Interprovincial trade barriers are a complex and sensitive issue and their removal requires concentrated efforts on the part of all governments. A federal-provincial task force on interprovincial trade barriers was established by regional economic development ministers in October, 1985. The task force immediately undertook work on the trade barriers issue in a number of areas. One area of interest was the exploration of various mechanisms that could be employed to reduce barriers and development of a process for barrier reduction. A second important focus was the compilation of an inventory of existing barriers. The task force identified some 300 specific cases of interprovincial barriers to trade, with government procurement policies and liquor regulations accounting for more than one third of the barriers.

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The task force on interprovincial trade barriers has provided a unique opportunity for federal-provincial co-operation. Ontario has actively supported the work of the task force and has devoted a significant amount of time and effort to ensure its success.

At the economic development ministers' meeting in Belleville in June 1986, the task force presented a series of proposals relating to barrier reduction. All governments were asked to consider the following proposals: adoption of a moratorium on new barriers subject to compelling considerations of provincial economic development; establishment of a permanent mechanism at the federal-provincial level to reduce existing barriers; establishment of an inventory of barriers and establishment of a set of guiding principles for reducing barriers. These proposals were subsequently endorsed by Premiers in August 1986. Moreover, the Premiers directed

the task force to accelerate its work on trade barrier reduction.

At their meeting in October 1986, regional economic development ministers agreed to recommend to first ministers the following approach to reduce internal barriers: mandate a committee of ministers to accelerate consultations among governments, designed to remove obstacles to interprovincial trade; confirm that the chairmanship of the committee rotate among provincial governments; agree that the priorities of the committee should be government procurement, marketing practices for alcoholic beverages, transportation regulations and employment practices; and direct that ministers seek to complete this work plan within 18 months. Ministers also agreed that the work plan continue to take into account developments in international trade negotiations.

Through its participation in the task force, the government of Ontario has been actively involved in these actions, including participation in the process for barrier reduction, work on an inventory of barriers and interprovincial consultations. In addition, the Ontario government has publicly proclaimed its commitment to the reduction of interprovincial trade barriers and voiced its support for the task force proposals at Belleville. This commitment was also demonstrated at that meeting in an announcement that Ontario had undertaken two unilateral measures aimed at developing some momentum in the barrier reduction process: a reduction in the markup on Newfoundland rum from an import level to the standard domestic markup and an Ontario draft bill to be tabled in the House that will improve pension portability, thereby improving the movement of labour between provinces.

Furthermore, the Alberta government has recently reversed a policy to favour a local supplier of steel piping for purchases made by an Alberta crown corporation. This decision was reached after I wrote to my provincial counterpart, the Honourable Larry Shaben, pointing out that this discriminatory policy adversely affected an Ontario steel manufacturer and contravened the spirit of the moratorium on new trade barriers as agreed by Premiers in August 1986. This reversal of policy by the Alberta government is a direct result of the ongoing intergovernmental consultation and co-operation on this issue, which the Ontario government strongly supports.

In addition, Ontario has further demonstrated its flexibility in the area of barrier reduction by exempting cement products from the 10 per cent

Canadian preference applied to Ontario government purchases. The Canadian preference policy on cement procurements was removed at the request of the Ontario cement industry in order to avoid US protectionist measures. This lead role by Ontario was made in an effort to demonstrate Ontario's willingness to reduce barriers and in an attempt to garner support from other provincial jurisdictions. The reluctance of other provinces to eliminate their provincial preference policies on cement amplifies Ontario's leadership in this issue.

At last Friday's meeting, it was agreed that the next step in the process of barrier reduction will be the signing of a memorandum of understanding by the provinces and the government of Canada. The purpose of this memorandum of understanding is twofold: first, it will finalize the moratorium on new barriers agreed to at the first ministers' conference in November 1985; and second it will establish a process for reducing existing barriers to trade.

The principles of the memorandum will be implemented by a committee of ministers that will be established to remove obstacles to interprovincial trade. The committee of ministers will administer the memorandum of understanding by directing the work of subcommittees responsible for investigating ways to reduce barriers in specific areas. The committee will also act as a central agency by receiving complaints of new barriers and by requesting an explanation and validation of complaints from the accused jurisdiction.

It is proposed that this memorandum of understanding be signed by first ministers or economic development ministers on behalf of their governments. The purpose is to elevate the issue to the national level, thereby creating public awareness and interest. The memorandum of understanding will also demonstrate goodwill in the federal-provincial forum and provide substantial results by the end of its 12-month mandate.

I would like to reiterate that Ontario is committed to the removal of obstacles to interprovincial trade and is strongly in favour of these new initiatives that move us closer to the eventual elimination of these barriers.

Mr. Chairman: Mr. Brandt, are you content to let Mr. Pollock proceed now?

Mr. Brandt: Yes. I will pick up on the minister's theme after my colleagues have had an opportunity to make a few comments.

Mr. Pollock: I appreciate the minister's statement. My question is going to be along those

same lines on interprovincial trade. Basically, there happens to be a fairly large industry proposed for a certain area of this province. The grant money for that particular industry is funded by both the provincial and federal government on an equal basis. Are there any rules or regulations preventing the provincial government from toploading that industry and giving it more money than the federal government is giving at this time, knowing the seriousness of the unemployment situation in that area?

Mr. Lavelle: Do you want to share with us exactly what industry it is?

Mr. Pollock: No, I do not.

Mr. Lavelle: I guess in a sense the province is free under any circumstances to provide the funding for industry on the basis that it sees fit. I do not think there are any rules or regulations that would prevent Ontario from supporting the location of an industry within its own province. The concerns that I raise obviously have to do with the response that may occur in other countries relative to countervailing activity where, for instance, if it is in the steel or lumber industry those are the kinds of constraints that would have to be put into place.

Mr. Pollock: My basic question is whether the province has the right to go ahead and put more dollars into a particular industry over and above an agreement. At present, I understand there is an agreement between the feds and this government to match grant money for this industry.

Hon. Mr. O'Neil: Are you requesting that there be more provincial money than federal money?

Mr. Pollock: I am just asking if there is anything to stop the province from putting more money into this industry. I believe the deputy minister has already said there is nothing to stop the province.

Hon. Mr. O'Neil: As the deputy stated, we would look at each project in its own right to see how it stands.

Mr. Pollock: I want to find out whether there are any rules and regulations preventing the province from doing that. I am fairly satisfied with the deputy minister's answer that there is not.

Hon. Mr. O'Neil: We would look at every project that came in and it would be assessed by ministry staff and by the government.

Mr. Pollock: That is the end of my questions.

Hon. Mr. O'Neil: I should also say, if it is within your own riding and it is something you

are interested in bringing into your riding, if we can assist in any way, working with you or with the industry, we would be very pleased to co-operate in any way we possibly can.

Mr. Pollock: I appreciate that.

Mr. Guindon: I have two press releases here in regard to the Eastern Ontario Development Corp. They are both from Cornwall. One is May 9, 1985, and the other one I received on October 16, 1986. One case is a Travelodge. The other is the Town Line Motor Inn. Both are for a \$250,000 tourist redevelopment incentive program and one is a bank guarantee. Is that two \$250,000 loans or is that one?

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Hon. Mr. O'Neil: Could we have somebody from the Ontario Development Corp?

Mr. Lavelle: David MacKinnon, president of the ODC.

Hon. Mr. O'Neil: David, will you identify yourself please?

Mr. MacKinnon: I am David MacKinnon, the chief executive officer of the ODC. I do not know the details of those particular transactions.

Hon. Mr. O'Neil: Could you read the two of them again?

Mr. Guindon: Do you want me to read them in full?

Hon. Mr. O'Neil: Sure.

Mr. Guindon: All right, I will start with the one on May 9, 1985. "EODC Approves Loan for Cornwall Company. The corporation has approved a \$250,000 bank guarantee under the tourism redevelopment incentive program for the Town Line Motor Inn in Cornwall. The loan will be used to refurbish completely the guest rooms and the common areas, renovate the exterior, install solarium windows in the dining areas, resurface the parking lot, landscape the grounds and construct an outdoor pool. The 49-room Town Line Motor Inn came under new management in June, 1984."

The other one is Travelodge. The title is, "Cornwall Motel Receives EODC Assistance".

Hon. Mr. O'Neil: What is the name of the hotel again?

Mr. Guindon: Travelodge, Cornwall. This says: "A \$250,000 tourism redevelopment incentive program guarantee from Eastern Ontario Development Corp. was announced by the Minister of Industry, Trade and Technology. The loan will be used to renovate the existing dining and banquet facilities and equip and refurbish the discotheque."

The next paragraph is exactly the same thing. "Travelodge is a 49-unit motel on Brookdale Avenue in the city of Cornwall and it offers quality, full-service accommodation." I cannot find it in this book.

Mr. MacKinnon: What is the book you are looking at, sir?

Mr. Guindon: This is the loan guarantees.

Mrs. Atherton: I will look into the details and find out. It may be just a timing problem. This listing is prepared annually, so it may be that they were in a previous listing or a subsequent one.

Mr. Guindon: I have notes on the back of these. I could read them, if you want.

The other question I have is in regard to Servaas Rubber. As you know, it made the headlines for quite a few months in eastern Ontario, especially out of Montreal with the union problems. I think it was the Confederation of National Trade Unions. I would like to know if they still went ahead with their application for a \$250,000 loan or loan guarantee?

Mr. MacKinnon: I think what we can undertake to do is assess the details of these cases and get back to you before 11 o'clock or 11:30. We have 3,000 loan accounts so it is difficult, off the top of our head, to recall the details of each. We would be delighted to investigate them and get back to you before the end of the morning.

Mr. Guindon: Also, how can a Quebec union bring an Ontario company to the Ontario Labour Relations Board?

Hon. Mr. O'Neil: I cannot tell you, without knowing more of the details of the case. I am not that familiar with it. You could talk to the Minister of Labour (Mr. Wrye); or if you would like to give us the details I would be pleased to talk with him on it and get any information I can for you.

We have this little problem with the interprovincial flow of labour. I would have to check that out for you. I am not familiar with it.

Mr. Lavelle: We can find that answer.

Mr. Guindon: Somebody in your department has to be aware of it, because an application was made. It was held back; it was stonewalled and nobody wanted to go ahead until the OLRB made a judgement.

What I am asking is, are the company and the ministry still going ahead with the proposed loan or loan guarantees from EODC?

Hon. Mr. O'Neil: David, do you have any more information on that?

Mr. MacKinnon: As I recall, they are. I recall an extensive discussion of this issue at the board meeting in question, but I would want to check the facts thoroughly and review the loan submission. We can do that. It is not a question of awareness; we would be aware of all this. It is just a question of having the information on any of the 3,000 accounts at our fingertips. I think we can make a commitment to get back to you before the end of the morning.

Mr. Guindon: Good. Are you aware of the Servaas problem?

Hon. Mr. O'Neil: Not fully. Again, we are dealing with many that come up every day. Of course, we get inquiries from members on all sides of the House on particular issues. We will look this up for you this morning, but any time you have a question like that do not be afraid to give me a call. We can get together on it and, if necessary, bring in the people concerned to try to get things resolved for you.

We will look this up to see whether we can get an answer for you this morning. If not, we will get together with you next week, if you would like, to try to get it resolved.

Mr. Guindon: I would also like you not to forget the question I asked. How can a Quebec union apply to go in front of the Ontario Labour Relations Board? I cannot understand what standing it would have in Ontario.

Hon. Mr. O'Neil: My understanding is that there is a free flow of labour into Ontario, but it is the reverse with labour going into Quebec. Is that right?

Mr. Guindon: That is right. We have the problem in eastern Ontario; we know about that. I brought it up in the House last week and last year. I know it is a very contentious issue, but certainly something can be done. We have at least 2,000 Quebecers coming into Ontario at all times of the year. They are really taking away our jobs, but our people cannot go into Quebec and compete for jobs.

Hon. Mr. O'Neil: It has been one of the issues that has been raised on the interprovincial trade barriers. First of all, we had liquor practices; we had the flow of labour; we had transportation. What was the fourth one?

Mrs. Melnyk: Procurement policies.

Hon. Mr. O'Neil: Procurement policies. The labour issue is something we have brought to the meetings on interprovincial trade, but it is not settled yet. I do not know how soon it will be settled.

I realize your concern. I raised it myself while in opposition, that it was a problem that all parties should be working at. It would affect you especially, since you are located close to the Quebec border.

Mr. Guindon: It certainly does. It is nice to be fair with everybody, but you have to understand that Cornwall has 13.9 per cent unemployment. This is no bull; this is right on. The rest of Ontario has eight per cent or less. We are having a hell of a problem for many reasons, not only that one.

Hon. Mr. O'Neil: That is why we were so pleased that an announcement was made within the last couple of weeks that there was a new plant opening up in Cornwall. I think I mentioned it to you. I have forgotten the name of the company. I do not know whether you have the details of that yet.

We will do anything we can to push some additional plants into eastern Ontario, where the unemployment rate is higher. We equate the north and the east sometimes. We want additional industries in those parts of the province to alleviate the high unemployment rates. I can assure you that we will be pushing very hard to do what we can to alleviate the unemployment problems in ridings such as yours, to bring plants there and help in any way we possibly can.

Mr. Guindon: Try to gear it to the work force too.

This brings me to my last question for now. From 1979 to 1984 your ministry had a so-called Ontario industrial parks program. Cornwall is currently out of park land. Could or would your ministry revive OIPP to help industrial parks? It was discontinued in 1984 or 1985.

Mr. O'Neil: David Girvin, will you come up and give some background on that and where the matter now stands?

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Mr. Girvin: The member is quite correct. I believe in 1984 the industrial parks program was reviewed by the then resource policy field committee of cabinet. At that time, it was agreed to sunset that in the light of excess capacity of industrial parks across Ontario. Although the interministerial committee consisting of the Ministry of Industry, Trade and Technology, the Ministry of the Environment, the Ministry of Transportation and Communications and the Ministry of Municipal Affairs would still meet on ad hoc cases that involved rezoning or infrastructural requirements, the program that was administered and funded through the Ontario Development Corp. at that time would be sunsetted. It

had been in place, I believe, for two three-year periods, and it was reviewed in 1984.

Mr. Guindon: Is there any way that could be looked into to improve the situation, especially for communities that have poor reserves, are just tagging along making ends meet and have difficulty dropping their unemployment rate? I would like to have your opinion on it.

Hon. Mr. O'Neil: As has been mentioned, it was dropped in 1984. I know there have been some concerns expressed from some of the municipalities. We are reviewing the matter and it is under consideration. We are encouraging municipalities to set aside certain portions of their revenue for the purchase of additional industrial land for development. We also try to encourage interested people in a municipality to join together to purchase land that they can use for industrial development.

One of the problems we have in eastern Ontario is that we are competing with areas such as Toronto and southwestern Ontario where there are plants that are already up and ready to be rented. Some of these plants may have been empty for months or a year or so. There are plants around in this area, and we do not have any additional space in eastern Ontario. There are very few other municipalities that have plants that are up, available and empty.

What I have been trying to do through the ministry staff is to encourage municipalities to make sure they set aside in their zoning structure land for industrial development, and then getting them, if they do not have the money, to encourage private entrepreneurs to put together land banks for industrial development, and maybe even build factories on spec or build factories for people who want to move into the area. It is a difficult problem. Some of this land is very expensive and it is also expensive to service it.

Mr. Girvin: Does the federal government have a type of funding for municipal services or assistance that way, or has that been discontinued?

Mr. Girvin: I do not believe at present, sir. I think the major issue at the time of the review was the level of serviced land currently in place for industrial use and the amount of private land and commercial buildings that were available in terms of the private sector; there was a question whether the two levels of government—municipal and provincial—should be involved in bringing more on stream given the supply-and-demand factors that were there at that particular time.

Mr. Guindon: Just to wind up, is there anybody here who could give me the figures on the EODC loans in eastern Ontario, the amounts for the last three fiscal years?

Mr. MacKinnon: We have those amounts. Mrs. Atherton is out of the room on your other inquiry, but I will be delighted to get them as well.

In overall trends, our lending in eastern Ontario has been rising quite rapidly for the last two or three years and has been rising particularly rapidly so far this year. I will have to check the figures when she comes back, but my recollection is that this year they are up by nearly 20 per cent over last year and our losses are down very significantly this year in eastern Ontario.

While I will give you the exact numbers, so far the trend in eastern Ontario is the most positive single trend in our lending results to date this year. We are really very pleased with them. I will confirm those with the actual numbers as soon as Mrs. Atherton gets back, but a combination of both substantially greater lending and significantly fewer losses is a combination we are particularly pleased with so far this year.

Hon. Mr. O'Neil: We have been putting a special emphasis on the north and the east. It is our plan to open up two new offices: one additional office in the north and one additional office in the east. I have expressed very strongly, as the deputy has, that we want to see development go to the east and the north. Therefore, the area offices are trying to do a better job of getting out, visiting municipalities and talking to business people. If groups are touring the province from outside, from another part of the world, we make sure they tour eastern Ontario and the north, along with the rest of the province. We are trying to put on a real push in areas such as yours to get additional development.

When we were in opposition, we always wanted to know what the loan amounts were, especially in the east and in the north. I am very pleased that not only in the east, but also in the north, our loan amounts are up substantially from other years.

Mr. Brandt: I want to make one comment with respect to one of the responses you gave to my colleague Mr. Guindon. That is in connection with the very serious problem that sometimes develops in identifying a geographic area of the province, such as southwestern Ontario, as having a rather buoyant economy as a result of excess plant capacity or whatever.

Hon. Mr. O'Neil: I know what you are going to say; I may be mistaken in doing that. Granted

you are going to tell me there are areas within southwestern Ontario that also have high unemployment rates. I agree with you totally. We are not forgetting that. In your own case, where you have pushed quite hard with myself and the ministry staff for development in an area such as Sarnia or Chatham, our ministry certainly is not forgetting about that. It is putting a real emphasis on trying to locate industries not only to the east or to the north, but also in those pockets of unemployment in other parts of the province.

Mr. Brandt: I know you are aware of it. I did not want the committee to be left with a blanket impression of that area which may not be totally accurate. That sometimes happens when one pits one part of the province against the other, which sometimes has to happen as a result of development policies where one is attempting to address a lack of economic development, a high unemployment rate or whatever.

As a matter of fact, I have very real concerns about the fact that too much—and I am sure you will agree with this, and I would like to hear your views on it—of the development of this great province of ours is concentrated in one municipality for all intents and purposes, and that is Metro Toronto. Very little of it is dissipating to other municipalities throughout the province. We have a very low unemployment rate and tremendous growth pressures in Toronto that cause great, extensive government expenditures for things such as subway systems, new expressways and the development of areas where land costs are extremely high, while other parts of the province are literally going without any development whatever.

We have to look at policies that may address all the rest of the province, with the exclusion of Metro Toronto in some instances, because there just is not that kind of development occurring where it should be occurring.

Hon. Mr. O'Neil: Mr. MacKinnon, do you want to touch on this

Mr. Brandt: I was going to head into the issue of interprovincial trade again just for a moment.

Hon. Mr. O'Neil: We do have some of the answers on the amount of money that is going into the north, the east and the rest of the province.

Mr. Brandt: All right. That would be helpful.

Hon. Mr. O'Neil: Do you want us to do that before you ask your next question?

Mr. Brandt: Okay.

Mr. MacKinnon: The figures I have are the most recent, up-to-date, internal figures on our

lending patterns. These are ODC and EODC direct loans, not those loans made on behalf of other ministries.

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So far this year, in the nine-month period ending December 31, 1986, compared to the same period in 1985, EODC lending in eastern Ontario is up by 48.2 per cent to a level of \$8.3 million from a base for the preceding year for the same period of \$5.6 million. For the NODC for the same nine-month period, lending is up by approximately 10 per cent to a level of \$5.7 million from a level for the same period in the preceding year of \$5.2 million. Overall lending in southern Ontario is down four per cent to a level of \$11.8 million from a level in the preceding year of \$12.3 million. Those figures are for the most recent nine-month period.

Mr. Guindon: Geographically, what is the territory of the EODC? What does it represent?

Mr. MacKinnon: For ODC itself, the boundary is basically southwestern Ontario—central Ontario, including Metropolitan Toronto. The line for EODC runs south to the west of Peterborough, south to the lake and then to the north. We are looking essentially at Peterborough and east, including Ottawa.

Hon. Mr. O'Neil: I am not satisfied, but I am pleased with the increase in those areas. We are trying to get additional funding for ODC throughout the province. As I mentioned to you, we are trying to open up two additional offices, one in the north and one in the east, and we are also looking to put a real emphasis not only on the east and the north but also, as Mr. Brandt brought up, at bringing development and putting money into other high unemployment areas in the rest of the province.

Mr. Pollock: With regard to those areas, have those boundaries been moved recently—in the last three years?

Mr. MacKinnon: No, sir. The boundaries of the territories have not. However, we have added offices. We have added an office in Peterborough, for example. I believe it was just over a year ago. That has significantly strengthened our lending in Peterborough and surrounding regions, which was a problem area before.

Mr. Pollock: I was of the opinion that at one time the boundary was between Hastings county and Peterborough-Northumberland counties. Is that not right?

Mr. MacKinnon: It may have been so at one time, but at the present moment—

Mr. Pollock: I am not arguing about the present moment. I am just making the statement that at one time, as I understand it, the boundary was between Hastings county and Peterborough-Northumberland counties. Is Northumberland county taken in that block?

Mr. MacKinnon: Yes.

Mr. Pollock: In other words, that could be part of the reason there is a substantial increase in loans; there is a bigger area. Is that not right?

Mr. MacKinnon: No, I am sorry. That change did not take place in the period for which I have quoted the figures.

Mr. Pollock: That is what I am trying to get at.

Mr. MacKinnon: Nothing has changed in this period. This is not attributable in any respect to a boundary change. It is, however, attributable in part to an expanded presence in the Peterborough and surrounding district and our new office there.

We have found that our lending in eastern Ontario this year and the latter part of last year exhibited trends significantly better—as you can see from these numbers, quite remarkably better—than in the preceding period. We have noticed that some of it—it is spread—is tourism. There have been a couple of outstanding manufacturing cases. It is not an isolated, one-shot kind of thing attributable to any particular occurrence.

Mr. Pollock: One particular industry, you might say.

Mr. MacKinnon: No, it is not that.

Mr. Pollock: That is what I wanted to find out.

Hon. Mr. O'Neil: Something that has been part of that too is that we have been successful in placing two new industries in Lindsay and a new one in Peterborough. We have had some others already mentioned in the east, in the Cornwall area. In Napanee, they have just opened up one. Mind you, we were not connected with that through any funding, but we are pleased with the direction some of the things are going in the east.

Mr. Pollock: Lindsay is not in the area.

Hon. Mr. O'Neil: Does Lindsay not come within the jurisdiction of the Peterborough office?

Mr. MacKinnon: I do not know, to tell you the truth. I do not think it does. I think it is more central Ontario. I will have to check that.

Mr. Pollock: Would you check that out and let me know please?

Mr. MacKinnon: Yes.

Mr. Brandt: I want to get back to the interprovincial trade barriers for a moment. I wanted to ask the minister whether he had any concerns in connection with not only interprovincial trade barriers but some that are developing on an intermunicipal basis where some municipalities are developing preferential buying policies, again in many instances because of high unemployment rates and that kind of thing.

Has your ministry staff in any way addressed that question or are you looking at it? Are you concerned about it?

Hon. Mr. O'Neil: It is something that I am aware there are problems with. I am going to ask Tania Melnyk to come up. She is quite familiar with the interprovincial discussions and policies that are going on at the present time within the government. Tania, would you like to touch on that?

Ms. Melnyk: The issue of competition between municipalities would not be something that would be addressed in the form of the interprovincial trade barriers by the ministers looking at that issue. That group is looking at barriers to mobility of labour and goods between provinces, across provincial borders.

This is a separate issue that perhaps is worthy of attention but should be looked at outside of the form of the interprovincial trade barriers.

Hon. Mr. O'Neil: Have you got any examples, Mr. Brandt?

Mr. Brandt: Yes. One example would be that some municipalities have established preferential hiring practices for projects that are either partially or totally funded by municipalities where they do have municipal moneys going into a project. What they have effectively done is indicated that the only work force that can be hired is a local work force, even though there is maybe a more competitive rate that can be realized by a work force coming in or a contractor coming in from outside of the jurisdiction.

I understand Hamilton has some barriers in place with respect to this kind of thing. I am not certain about Toronto but I know it has been discussed in this area as well. It has come up in my own jurisdiction on occasion where they have tossed around the idea of building in a percentage, if you will, much like the provinces do with certain items that are to be traded, where they will develop a three or a five or a 10 per cent bonusing factor if you happen to come from that jurisdiction, whatever that is identified as being, whether it is a province or a municipality.

I think it is self-defeating when you get into it and somebody else has to retaliate and you then

get somebody else into it. It is much like the issue my colleague brought up on the exchange of labour between Quebec and Ontario. Quite obviously, if there is not a quid pro quo on the movement of labour into Quebec from Ontario, then at some point in time there is going to be an outcry, as my colleague has already articulated, on the issue of Quebec labour moving into Ontario.

The same thing happens between municipalities. I think it is a provincial issue. I really think guidelines have got to be established with respect to conduct on the part of a municipal council on some of these issues because I have seen, on too many occasions, where the entire tendering and bidding process has been ignored, frankly, simply to address an immediate local concern where we should be looking at the health of the province as a whole and the economic viability of the province as a whole, and obviously the economic viability of the country as a whole.

All of these trade barriers and restrictions come back to create a very negative situation that we have to look at. I am raising the issue because I think the ministry should be looking at these intermunicipal trade barriers as well as interprovincial.

I think it is another dimension. I understand it is a separate problem but I think it should be looked at and I would like the ministry to take the position that this kind of barrier, this kind of inhibiting factor, if you will, built into contracts on the part of the municipalities, should be disallowed.

Hon. Mr. O'Neil: I think it is a good point, Mr. Brandt. We will take note of it and have our policy people have a look at it.

Mr. Brandt: In moving to the provincial trade barriers again, could I get some clarification from the minister on the attitude of the United States with respect to interprovincial trade barriers? It is my understanding that in any discussions on freer trade there has been an absolute requirement on the part of the US government that we remove interprovincial trade barriers. Could you clarify your information with respect to the stance the US government has taken on that issue?

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Hon. Mr. O'Neil: I will ask the deputy to touch on that because he is quite familiar with it.

Mr. Lavelle: The question of the free flow of goods and services across provincial boundaries has been an issue that the US has raised prior to the free trade negotiations, particularly when it

comes to the question of liquor practices within Ontario and other provinces, and indeed the whole brewing situation within the country.

From the discussions we have had in Ottawa, that has not been the main issue they have raised, but it is among the issues that have been raised by the US.

The expectation, of course, is that if the Canadian government were able to sign an arrangement with the US, the provinces would be in a position to reduce their barriers interprovincially. That is the process that has been under way among the provinces and which really came to fruition in a formal way at the meeting in Belleville in which the federal and provincial ministers of development and trade were involved.

The same expectation exists that if we are able to remove the barriers interprovincially, the US government will be able to deliver the same kind of commitment with respect to the US and the Buy America Act and other impediments to the free flow of goods and services from Ontario and Canada into the US. That question is still very much on the table.

Mr. Brandt: I presume that our negotiators, to the best of your knowledge, have raised the issue of protectionist policies within the various state jurisdictions as well. As an example, there are some states that will not purchase transportation equipment if it is not American made. Have we taken a similar position vis-à-vis the US as they have taken on our interprovincial problems?

Mr. Lavelle: I certainly do believe that the minister, in the discussions, made reference to the fact that Ontario did forgo the preference on cement. Very directly, the minister's action in that respect was to attempt to prevent the US states and the US Congress from including cement in the Buy America provisions of the US Trade Act.

Indeed, that was successful. There has been some movement, but the Buy America provisions that are implemented both at the federal and at the state level are still very much a part of American trade policy and American procurement policy.

The jury is out as to what kind of movement there will be in the US. With respect to Canada, I would have to say the movement in reducing interprovincial trade barriers has proceeded with a great deal of fanfare and work. Some have been reduced but the major ones still remain to be toppled and there will be a lot of discussion before that occurs.

Mr. Brandt: Could we move on to the Premier's high-tech council? I wanted to spend a little bit of time on this and get some information from the minister with respect to the council itself. You have released information in connection with the makeup of the council and you have indicated there have been three meetings to date—I believe that is correct—that the council has held.

Can you indicate, in the first instance, why there was that substantial reduction in the council's budget that I addressed with you in the House, that reduced the \$100-million promise by \$85 million to some \$15 million in the first year? Is there that much of a complication with respect to the startup of this whole thing?

I know your response to me in the House indicated that the Board of Industrial Leadership and Development program took two years to get under way or to flow money. I will accept your word on that. I did not research whether that was correct, but I do not know that this is necessarily a good response for the rationale for taking a fund that was promised to be \$1 billion over 10 years and virtually destroying almost all the funding in the very first year. It is the single largest item in the entire budget that has been reduced; it is the one single largest item, both percentage-wise and dollar-wise. I cannot quite get the rationale as to why this whole thing seems to be struck in neutral after having been announced with such great fanfare and all the glossiness that was associated with it.

Hon. Mr. O'Neil: I will touch on it and then I will ask the deputy if he would like to comment.

Mr. Brandt: I want to hear from both of you.

Hon. Mr. O'Neil: That is good. We have experienced some problems when talking about the high-tech field over the last year and a half. A lot of those problems have come from the IDEA Corp. We are talking about such things as Graham, Wyda and Spectrum. We complained over the years about IDEA, as did some of your members when you were in government. We just feel that the guidelines established for the running of IDEA were not firm and strong enough and that money was put out maybe where it should not have been put out without closer supervision and things being looked after.

What we tried to do with the technology fund was make sure we had a good board of directors. That we have. We have some very high-profile people from across the province. They are going to do an excellent job on it. We proceeded with caution because we wanted to make sure that, in putting the thing together, we did not get into

problems after the money started to flow; so it moved along slower than we would have liked. We will be advancing some money for the centres of excellence, where it is a combination of industry working with universities.

I should touch on the point you make about the money not being spent this year. The Treasurer (Mr. Nixon) has stated that we are committed to flowing \$1 billion and we will be flowing \$1 billion. As much will not be flowing this year, but it is hoped the additional amount that has been turned back in will be used in subsequent years and will flow at that time.

I mentioned that we have over 400 letters from people—applications, suggestions or plans—so we have these to look at. Again, we want to make sure the staff has time to peruse them properly, that we do not get into any problems and that they are going to be good projects to follow. Maybe the deputy would like to add something to that.

Mr. Brandt: Before the deputy addresses it—and I want to hear the sage words of counsel from the deputy on this matter, obviously—I want to go back perhaps not too far in history. I want to ask a question.

If all of what you say is correct—and I take the minister at his word—then how do we find ourselves getting into a situation where a firm like Exploracom is approved before the council is in place and moneys are committed? How is it that a very substantial percentage of the total budget to be allocated, close to 20 per cent of that first-year budget is allocated for Exploracom? Out of a budget that was supposed to be \$100 million, \$17.5 million is close to 20 per cent, within two and one half per cent. Why did that get fed through the process before you even had the process in place if you wanted to proceed with the kind of caution you were talking about?

I agree with that. I agree with what you are saying with respect to taking a very careful approach to the approvals for these kinds of things. What happened with Exploracom? Why did that get approved?

Mr. Lavelle: Would you like me to go back to the beginning? I will comment specifically with respect to Exploracom. The question with respect to Exploracom has to do ultimately with the fact that under any provision of the Premier's Council or the technology fund an approval just does not mean the automatic flowing of moneys from the government.

What had to occur and what will occur in all instances under the guidelines which have been approved by Management Board and the cabinet under the operations of the technology fund, is

that once an approval takes place then there would be extensive negotiations on a contractual arrangement.

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In the case of Exploracom, certain directions were given with respect to what should be on the contract. Those negotiations took place over a lengthy period of time and then ultimately the decision was taken that the contract should not be proceeded with. That would be the case on any issue that would be approved by the technology fund or by any ministry.

Mr. Brandt: At any time did this high tech council have an opportunity to review the Exploracom application?

Mr. Lavelle: In the course of the discussions with the council, individual projects will not be brought to the attention of the council. The reason that was done is that the council would be briefed. The development of the strategy and policy is what the council is going to do, not specifically to get into the business of having to approve or disapprove individual applications. In the case, for instance, of the centres of excellence, certain requests were made to the business community and to the universities for proposals. Those proposals are going to be presented to a panel of members of the council who would evaluate the request for funds. It will be the panels that will make the decision, but the ultimate decision is going to be approved by the cabinet.

Mr. Brandt: You indicated, when negotiations began with Exploracom, that they were—you did not use this term—preliminary in the sense that there was no commitment. I suppose the letter from the Premier (Mr. Peterson), which is under some question in the House with respect to how committed the government was in regard to Exploracom funding, may well be determined by the courts. I would have to suggest to you that when a letter from the Premier is received by a firm, that is a pretty definitive and specific commitment with respect to funding. The wording of that letter certainly suggests the money was going to flow.

We took issue with the way the approvals were granted prior to the high tech council being in place. We took issue with the fact that there was not a forum or a body that was set up and established that would do the necessary review of the application. In spite of all that, that application, from our perspective and from his perspective, apparently, from all of the public comments made by Mr. Schwartz, was in fact approved to

go ahead with the project. That could be wrong and, as I say, that is going to be determined in some other forum at some other time.

Now we have reached the point where the whole thing has been cancelled, which gives a certain aura of negativism towards this whole high-tech idea. I have never criticized that nor the \$100 million a year. It is approximately a doubling of the amount of money the previous government put into a similar activity and I think we have to spend dollars on the part of the provincial government to move into areas of new technology. You will not hear me, as long as I sit as critic, criticizing you for the \$100 million, but I am going to be on your back about making sure the process of approvals is a proper one and that it is in place in order to review these applications in as even-handed a way as possible. I would think you would expect me to do that in my role. That is all I am telling you. I am disappointed that the flow of money is down as much as it is, from \$100 million to \$15 million in the first year. Exploracom would have eaten the whole thing up, had you approved of that, on the basis of what its request was originally.

But it concerns me that this particular firm seemed to be fast-tracked very early, almost out of the back pocket of the Premier, with a gentleman who was questionably connected with a particular political party that shall go nameless. This whole process got going in a way that casts some doubt on the integrity of that fund in its initial stages. I would like to see that cleared up, because I want the fund to be successful and I want the high-tech initiatives to be successful to benefit the people of this province.

Hon. Mr. O'Neil: We also want to see that fund be successful and that is why we are being overly careful in the way we are setting up the process for the flowing of funds.

Mr. Brandt: At any time, did the council or this review committee, the high-tech committee, have an opportunity to review the Coopers and Lybrand report?

Mr. Lavelle: To my knowledge, no.

Mr. Barlow: I am sorry, I am breaking in here. Maybe Mr. Brandt has already asked how many applications have been approved up to this point on the high tech.

Mr. Lavelle: To try to explain precisely what the council and the technology fund are doing, I think it is important to understand that when the announcement of the Premier's Council was made in the speech from the throne, there were a number of procedures that had to be put in place

to ensure that the stated intention of the council was indeed fulfilled by the kinds of applications which were going to be received. In other words, the purpose of the council was to complement and encourage science and technology research in the private sector and post-secondary institutions.

The council met for the first time in July 1986. There have been meetings since that time. Also, since the first meeting of the council, various provisions have been put in place for the assessment and development of criteria for applications.

I go back to the fact that requesting bids on the matter of the centres of excellence is a very involved process. It included drafting various terms of reference, which were then submitted to the private sector and the educational institutions. There was a scientific advisory panel established under the chairmanship of Dr. Fraser Mustard and Dr. Geraldine Kenney-Wallace, who are from the University of Toronto and members of the council.

That involved requiring the private sector and the universities to get together, which is the basic thrust of what the council is attempting to do in the high-technology area, to develop proposals which would then go on, presumably, to introduce new technology.

That process is under way. We are expecting that there will be up to 16 proposals before the council when the proposals are received. There is a fair amount of technology funding allocated to funding those centres of excellence, once they have been approved in general.

Mr. Barlow: Those are the centres of excellence. What about the private sector?

Mr. Lavelle: I think the minister indicated there had been up to 400 inquiries that are being translated into proposals which are now coming in from the private sector. There is a secretariat in the Ministry of Industry, Trade and Technology evaluating those proposals at present.

Mr. Barlow: No approvals have been given at all in the private sector?

Mr. Lavelle: No.

Mr. Barlow: Do you have any idea when the money might start flowing? I have a particular one that I am inquiring about. The Waterloo region branch of the shoe manufacturers' association has made application for funding. This is a group of five shoe manufacturers in the Waterloo region. In addition, they will be servicing something like 29 other shoe manufacturers, I think. The application was for \$363,500. I was

wondering where everything is at on that application or any application if you do not have that one right in front of you.

Mr. Lavelle: I would have to inquire where that application is. Dr. Martin Walmsley is not here at present. I will get the details of that.

Mr. Barlow: It means a lot to the shoe manufacturers, who were hit, of course, with the tariff.

Mr. Brandt: Could I take another crack at Exploracom? I want to go through a logical sequence of what I see as the events.

An application is made by an individual, Abe Schwartz, acting on behalf of a new firm called Exploracom, prior to the high-tech council being in place, and there is some kind of an approval given for funding in the amount of \$17.5 million. It is brought into question in the House because the high-tech council is not in place, and a flurry of questions and answers is raised regarding this whole matter.

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We then go down to the road to the point where the high-tech council is put in place. It holds three meetings prior to October 1986. During all this time, the question of Exploracom and how it got approved is being raised, if not daily, certainly on a fairly regular basis in the House. Ostensibly, the high-tech council is meeting to discuss its formative stages. I guess its working orders and terms of reference are being absorbed by the council members, but at some point, it starts to act as a committee.

Now we get to the point where Exploracom is cancelled rather arbitrarily by the Premier. I guess he gave the initial approval for the project.

Mr. Lupusella: Maybe in principle.

Mr. Brandt: In principle? The perspective of a great many people was that it was more than approved in principle. Whether it was in principle or de facto funding, it was to flow.

Once the council was established, once it was set up and running—and it had three meetings prior to October 1986—why would the matter of Exploracom not be passed over to the council for review and vetting, if for no other reason than to determine the appropriateness of that application, since the entire case on the part of the opposition was, at least in great part, based on the fact that no council was in place to give approval in the first instance? Even though it was late, why did Exploracom not get reviewed by the council? Who made that decision? That would have deflated and taken the wind out of the sails of

much of the opposition's argument relative to this firm.

Hon. Mr. O'Neil: Exploracom goes back a long way. It does not go back only to when we started in government, but it goes back to your government. There were discussions within your ministry in the previous government. It has been going on for some time.

The Premier has stated there was not sufficient matching private sector funding. We did not feel it would generate enough income on an ongoing basis. We felt it would have had shortfalls. I do not really want to get into any further discussions on Exploracom, because we have been advised that the matter will likely go before the courts and be reviewed there.

Mr. Brandt: Is there anything the deputy minister wants to say on that? I asked why it was not referred to the council.

Mr. Lavelle: A few seconds ago I was going to say that the same problem applies in being forthcoming with the committee, the fact that we have been advised that this matter is likely to come before the courts. Any comment we make could have an adverse affect on both the complainants and the government.

I reiterate that under the circumstances the subject of the contract negotiations between Exploracom and the government were done in the Ministry of Industry, Trade and Technology. We were working against the basis under which certain conditions had to be met. Ultimately, one has to judge whether that decision was right or wrong, but according to negotiations we had those conditions were not met, as the Premier has repeatedly said in the Legislature.

Mr. Brandt: Could you perhaps walk through a scenario with respect to the approval process for the type of project my colleague Mr. Barlow has identified and what is likely to happen from this point on? My understanding is that the council will review applications and make a determination as to their acceptability. Upon the recommendation of the minister, the final arbiter in each case will be the cabinet. Is that the way it is going to be done?

Mr. Lavelle: Yes, basically.

Mr. Brandt: I ask the question—and I will warn you ahead of time, so you will know I am not asking a trick question—simply to determine the level of political input into the review process and the process of approval.

Mr. Lavelle: I do not think you want me to go through the whole process. The way in which applications are going to be received and

approved is a rather lengthy process which starts with the fact that the Premier's Council will develop the concept and recommend and develop the guidelines under which applications will be reviewed by the secretariat. The secretariat will, in certain instances, develop an evaluation panel. They will then be ultimately sent to the cabinet, after Management Board, for final approval.

The role of the council is to establish guidelines whereby certain applications will be reviewed through a process which involves a very lengthy, detailed analysis, by MITT as the secretariat and through the Management Board process for evaluation and competence as to the viability of the proposal, which will ultimately go to the cabinet for approval.

Mr. Brandt: Is there any cap on the funds, assuming \$100 million is going to flow rather than the inappropriate \$15 million in the first year? Is there any cap on a per application basis? In other words, can one firm take up the entire amount? That is probably unlikely, but what are the criteria of the ministry with respect to that?

Mr. Lavelle: There is a minimum. I am not sure whether it is \$2 million or \$200,000. There is no maximum that I am aware of. It is unlikely that one firm will come in with one application and walk off with all the funds from the council. The diversity of the thrust of where the council is going will make that very difficult to occur.

Certainly, in the case of the centres of excellence, there will be approvals of six or seven applications. Various institutions will get portions of them. It is not envisaged that one individual, company or proposal will walk away with most of the funds.

Mr. Brandt: In the case of Exploracom, which you do not want to talk about—I am only using it as an example of the amount of money that could be taken by one firm—fully 20 per cent of the total budget allocated for high-tech purposes could conceivably have been taken by one company. I raise the question only to determine in my own mind whether a very limited number of very large, sophisticated companies with sophisticated applications are going to come in and take up all of the money. Alternatively, will some of that money be available to smaller entrepreneurs in the eastern and northern parts of the province and in those pockets of poverty in the southwestern part of the province who require some fundamental, technological assistance?

Too much of the growth is concentrated in a particular area. Exploracom was building a project and another activity right in the centre of

where all of the activity is now. It does not do anything for Kapuskasing, it does not do anything for Sarnia and it does very little for the riding of my colleague Mr. Guindon. I am concerned about too much of the money being concentrated where the money is already concentrated.

Mr. Lavelle: To deal with the first part of your question: hypothetically, if Exploracom had been approved, the money would not have flowed all in one fiscal year. There would have been a flow over a number of years.

Second, the minister and the Premier have made it abundantly clear with respect to the policies of the government that other regions of the province should have priority places in considering some of the funding available in the technology fund. Under the first proposals that come forward relative to the centres of excellence, I expect many of those that are approved will not have anything to do with Metropolitan Toronto.

1050

Hon. Mr. O'Neil: I should also mention another program we initiated just a short while ago called Innovation Ontario, which is for new inventions. It might fit into the category Mr. Barlow just touched on. I think the limit on that is \$250,000, which would be available for companies under Innovation Ontario to help them in new technologies, ideas or inventions.

Mr. Brandt: How much is in that budget?

Mr. Lavelle: Innovation Ontario has not completed one full fiscal year.

Mr. MacKinnon: The estimates request for 1987-88 is \$12,576,000. The corporation did not exist before, so it is an entirely new program.

Mr. Brandt: Entirely new money?

Mr. MacKinnon: Entirely new money and a new program. The program so far has met a reception far greater than we expected. My figures are approximate only. We have had approximately 300 developed business plans submitted to that program.

The board is meeting as we meet. It has made two or three investments of the larger type, towards the \$250,000 end of the scale. There had been approximately 10 staff-level investments made. Several of them are in manufacturing, several are in computer software and all are technology-intensive.

Interestingly enough, the dispersion of these projects around Ontario of the 300 received so far is quite positive. If my memory serves me, I think nine per cent were from the north. I cannot

recall the percentage from the east, but the nine per cent is substantially in excess of the population ratios for the areas concerned.

The board is a board of people, most of whom have run either technology-intensive businesses or other small businesses. I think they are feeling quite positive about the reaction the program has engendered.

Mr. Barlow: Is this a new board running this program?

Mr. MacKinnon: Yes, it is a brand new board, although perhaps I should just explain briefly. There are now four boards associated with the development corporations: the Ontario Development Corp., the Eastern Ontario Development Corp., the Northern Ontario Development Corp. and Innovation Ontario, which is a new one.

Of course, this is a new one, but some of its members are interlocking with the other boards to achieve reasonable consistency in policy and administrative approach. Some of the members on the Innovation Ontario board are people coming from the other boards.

Mr. Barlow: Holding joint directorships.

Mr. MacKinnon: Exactly.

Mr. Brandt: I cannot quite understand the logic of this, but the innovation fund which you have here has a cap of \$250,000. When I raised the question regarding the high-tech fund, there was no cap. Maybe I do not understand. These are similar in some respects in that we are looking at new developments.

I understand it is government money going into a project that we hope is going to create jobs and new activity. The reality is that you do cap one and you do not cap the other one. Is there any reason for that?

Mr. Lavelle: There is a basic difference between the two programs.

Mr. Brandt: I understand the difference between the two programs, but why, from the standpoint of the flowing of government dollars into whatever the program might be, have you capped one and not the other?

Mr. Lavelle: I think there is a basic difference in that the Premier's Council and the technology fund have quite a different set of guidelines and principles to those involved in Innovation Ontario. David MacKinnon can go into more detail.

Innovation Ontario basically is an attempt by the government to participate in pre-venture capital. It follows that some of the mistakes which occurred in the previous attempt to do the same thing were that we were accused of not

being able to manage, or when these particular investments went sour there was not a high degree of scrutiny of their day-to-day operations.

We felt, and certainly the minister felt, that the process of reducing the amount of money that was available would give us a better handle on the management of these particular investments, and indeed we would not be competing with the private sector at that level of intervention. This was basically the guideline that was established in order to control those particular investments.

The high technology fund is an attempt by the government to encourage innovation in an entirely different way in the private sector, with established firms and in dealing with universities, in an area where significant funding may be necessary in order to develop a particular new technology in the province or to respond to difficulties that certain industries find themselves in when going through a rather rapid change in technology. The two processes are quite different.

Mr. MacKinnon: I do not know whether you want to add anything.

Mr. MacKinnon: We have talked extensively in relation to the question about a cap. We have talked extensively with the Canadian venture capital industry as this program has evolved. Venture capital business is vital to technology-intensive businesses. If you cannot raise equity capital for early-stage companies, then the chances of them being successful are greatly reduced. However, there is a general consensus that in more mature stages of the venture capital business, the problem is not a lack of availability of money but a lack of availability of projects in which the venture capital business can safely invest; that is, projects coming through from startup to early stage development to the mature stage of the business.

Our activity is concentrated exclusively in trying to fix the project gap; to try to ensure that more people start up and ensure they go through the very earliest stages of corporate development so they can then be handled downstream by the mature stage of the business. This is why we put the cap on, aside from the administrative and managerial reasons that the deputy mentioned. It represents the attempt to stick strictly to that very early-stage development. That is the major reason for the quite strict cap. We do hope to adhere to it quite strictly in order to keep the program properly positioned.

The problem of how to get more projects through that early stage of development is an important problem. The statistics we have

suggest that the venture capital business in this province is somewhere between one sixth and one tenth the size of what it is in competing American jurisdictions. This is the reason that this program has been assigned such a high priority: to try to really narrow that gap. If we do not succeed in doing so, then the effects on our industrial adaptation and change will be serious.

Mr. Brandt: Did I hear you correctly when you said that, on a comparative basis, we are currently flowing between a sixth and a tenth of what comparable US jurisdictions are flowing?

Mr. MacKinnon: The mature stage of the private venture capital industry, on a proportional basis in this province, is somewhere between one sixth and one tenth of what it is in competing leading American jurisdictions.

Mr. Brandt: That is a pretty frightening figure.

Regarding the makeup of the innovation council, if that is what you call it, I do not believe I have the names; have they been released publicly?

Hon. Mr. O'Neil: I do not know whether you know Don Green.

Mr. Lavelle: Are you talking about the Innovation Ontario Corp. board?

Mr. Brandt: Yes.

Hon. Mr. O'Neil: Don Green is the chairman and we have a list of the board. In fact, they had their first meeting just about two weeks ago. I know we had dinner with them that one evening. Have we put a press release out on who the members are?

Mr. MacKinnon: Yes, we did.

Mr. Brandt: I have not seen it yet, but that information is public and available to us?

Hon. Mr. O'Neil: Yes, it is.

Mr. Brandt: Perhaps I could move on to another item. I do not know whether this is in your category, but I want to spend some time with respect to the IDEA Corp. The Provincial Auditor's report did not deal with IDEA Corp. and there was to be a special audit. Could you give us some update on what is happening with respect to that special audit?

Hon. Mr. O'Neil: Mr. MacKinnon can again touch on that.

1100

Mr. MacKinnon: There are two problems involved in the IDEA Corp. audit. The first problem is how you value the assets in the light of all the developments that have occurred in the last six or eight months. The second problem is a

time problem. The normal date for which the financial statements in the blue book are applicable is March 31. Given that the corporation was wound down on June 30, it was felt that we should pay rather more attention to the final stage and the final accounting of the corporation before it ceased its corporate life.

It is a combination of those two problems that occasioned the unavailability of the audited statements for the blue book. Intensive efforts are under way to resolve the asset valuation problem. I believe we are committed to providing the audited statements some time in early April, at which time they will be available for the 15-month period. That will give an accurate picture of the corporation on windup.

Mr. Brandt: Was that discussed by the board of directors on November 4, when it met? As I understand it, they were dealing with the matter at that time.

Mr. MacKinnon: Yes, the board did meet and discussed extensively—before the IDEA board went out of existence—the nature of the final audit which was to be performed and asked for an opportunity to review the audit before it was made publicly available. That was agreed to; it seemed only fair.

Mr. Brandt: What is the time frame again when you anticipate that everything will be completed?

Mr. MacKinnon: I believe I am talking early April; but one moment.

Mrs. Atherton: Our best estimate at this time is early April.

Mr. Brandt: Early April?

Mrs. Atherton: Yes.

Mr. Brandt: Are there problems that you have experienced with respect to the winding down of the corporation at this time that you wanted to share with the committee, not only relative to the asset value of the respective activities of the corporation but problems that have been brought to you by the board itself?

Mr. MacKinnon: Perhaps I could take a few minutes on that. To say we are having problems is an understatement in a way. The portfolio, as it came from the IDEA Corp., was a portfolio—including one major syndication—approximately \$40 million in total value. From our point of view, it had very serious problems right from the outset, particularly with the three biggest investments, which were the Middlefield syndication, Graham Software Corp. and Wyda Systems.

When we took over the assets, we became quite conscious that we really needed a great deal

of advice and assistance in managing these. So we have drawn extensively upon resources from the business and the professional community in our efforts to do so. We have engaged businessmen on short-term contract. For example, the most recent person responsible for the Graham Software accounts and the Wyda Systems transactions is a private businessman who came in and joined us on contract. He was a man who operated a middle-sized business and was familiar with those kinds of problems. We have also drawn extensively on merchant bankers, consulting companies and other professional advisers in the management of that corporation.

We have been engaged in a series of protracted legal discussions in relation to both Wyda and Graham; but behind the scenes, those investments have been monitored daily. The major transactions associated with them are transactions for which we not only made our own internal determination but for which there is extensive support and advice from professional accountants, auditors and consultants. Their affairs have been managed day-to-day. They have been under close scrutiny ever since we took them over. The fact that only a few of the transactions that have gone on are visible in the formal legal sense, in my opinion, ought not obscure the fact that a great deal of supervision and decision-making has gone on behind the scenes.

In terms of the present status of the portfolio, perhaps I can review it briefly. Of the three biggest investments, as I mentioned, the biggest is the Middlefield syndication. This was a project in which IDEA had got involved and for which a total of \$10 million of provincial funds had been committed, of which \$3 million had been advanced. The remaining \$6.6 million was to be provided, in my opinion under a very one-sided legal agreement. We did succeed in freeing up that \$6.6 million and it has been returned to the Treasury. From our point of view, the Middlefield Capital Fund is now operating quite satisfactorily. Indeed, it is making investments at a rate considerably in excess of the rate at which it was making good investments before. From our point of view, there is a major financial achievement.

On the Graham Software transaction, the minister indicated in the House last November that he did not expect to achieve significant recoveries from this situation. I and my colleagues appeared before the standing committee on public accounts about three weeks ago to indicate exactly what we intended to do with

respect to Graham. We indicated we were undertaking legal action to recover the assets of the company. Because of the imminence of that legal action, we asked the committee to postpone hearings into it, and the committee agreed.

Also, earlier this week—I believe on Tuesday, but it may have been Monday—I agreed with the staff of that committee to provide full detailed information on all the legal proceedings involving Graham that had gone on. From where we stand in terms of this business—and I will have to look at the numbers in detail—roughly \$2.4 million was recovered from the company. Of that, over \$1 million was paid out to creditors. After other payments and continuing liabilities were paid out, about \$600,000 remained in various forms, of which the province netted \$300,000.

As we see it, the story is that out of a situation which appeared to be close to disaster last July, heading rapidly towards insolvency, some \$2.4 million was recovered, of which some at least accrued to the taxpayer. As a public agency and as a ministry, we worry extensively about what will happen to the creditors. We think we have been able to solve all their problems by the intensive recovery action we took.

Just to give you an idea of how extensive those actions have been, last July or August, the principal asset of this company, a software program, was going to revert to its author. We viewed that as a real disaster; so we loaned the company \$40,000 to accommodate the arrears in its payments to the author of this package. It was that package which was sold for \$2.4 million. A \$40,000 loan from the Ontario Development Corp. generated most of the revenue which has since been recovered for the whole package, including the \$300,000 netted to the province. That is an example of the kind of vigorous efforts we have made to maximize the results from this unfortunate investment the IDEA Corp. made.

I do not think the other case, the Wyda case, needs much history from me.

Mr. Brandt: Before you leave Graham, what do you anticipate is going to be the bottom-line loss after all the smoke has cleared on that case?

Mr. MacKinnon: The total investment of the shareholders in the company, including the IDEA Corp. and the others, was something in the order of \$7 million, of which, as I recall, something in the order of \$2.4 million in total was recovered for all the investors. The difference between those two figures is the loss to the shareholders. The IDEA investment was \$5.1

million, of which we will recover net, after all costs, something in the order of \$300,000.

However, again I repeat that as a public agency, we have felt it our responsibility to worry a great deal about what happens to the creditors, such as the small business people and the software writers, the other people who could be destroyed by this experience. In our view, therefore, the amount that has been recovered for them should be viewed in another sense as a recovery for the economy of the province.

Mr. Brandt: What was the date of the actual approval of the flow of funds to Graham?

Mr. MacKinnon: There were two flows, one in the fall of last year—I believe in October or so—and the other in March 1986. Both decisions were made by the IDEA board. As you know, IDEA operated as a schedule 2 agency, so its decisions were not subject to review by any internal government decision-making body.

1110

Mr. Lavelle: The investment of \$5.1 million in Graham Software was made during the period September 1985 to March 1986. That is when the contributions were made.

Mr. Brandt: Mr. O'Neil would have been the minister during that time.

Hon. Mr. O'Neil: I do not think you really caught what Mr. MacKinnon just said; that is, it was a schedule 2 agency that had been set up whereby there was not supposed to be any type of government interference in what it was doing with the loans. The board had been mostly appointed by the previous government. As I say, it was our decision to close it down. We should have closed it down sooner, but we closed it down as of the end of June last year, when it received the type of scrutiny I believe it should have had for the previous time it had been in existence.

Mr. Brandt: It did receive a fair amount of scrutiny prior to your taking office. However, I will let that go by the board.

As the world turns, we will see how noninterference in the approval process matches up against all kinds of political interference in the approval process, as indicated by your earlier answers on the high technology fund.

Hon. Mr. O'Neil: I do not understand what you are saying.

Mr. Brandt: What I am saying is simply this: you are going to have a council which is going to review applications; the final decision is going to be made by cabinet on each of those applications

out of the \$100 million that you are about to flow annually.

Hon. Mr. O'Neil: That is right.

Mr. Brandt: There is a distinct difference between the way you are setting this up and the way the IDEA Corp. was set up, with all its warts and blemishes.

Hon. Mr. O'Neil: We feel there should have been more supervision for IDEA. There was insufficient supervision, not only from the board but also from government. That is why we are changing things, even with Innovation Ontario. We are setting the limits of the loans. Given the amounts of the loans that were given, the scrutiny of the rules and regulations under which IDEA ran—I know it sounds political and it may be a little political; on the other hand, IDEA Corp. was not run properly—it was not set up properly with sufficient rules and regulations.

We went through this when we were in opposition. Each year, we continually criticized the IDEA Corp., not only from the viewpoint of its rental premises, the furniture it had and the extravagant payments that were made for separation allowances but also right through the whole system. The safeguards were not there to protect the taxpayers of Ontario.

The things that happened are too bad; they should not have happened at all. We are trying to see in these new things, whether it is Innovation Ontario or the technology fund, that the proper safeguards are put in so that things like that, where we lose those amounts of money, do not happen in the future.

Mr. Brandt: I am only suggesting to you that sometimes the best safeguards are not political. I understand the need for politicians to review and be very careful and judicious with respect to the taxpayers' money. But if decisions are based on a political rationale rather than a straight business-like basis, you can run into the selfsame problems in a somewhat different form. I just wanted to draw to your attention that you are rather dramatically changing the approval process; in so doing, I hope it is going to work better.

Hon. Mr. O'Neil: Rather than more political supervision, I would like to refer to it as more government supervision. There will be a little bit of government supervision along with the rest.

Mr. Brandt: As I say, we will only see that as the world unfolds.

Why was there no disclosure on the part of the ministry with respect to the out-of-court settlement to deal with this particular firm?

Hon. Mr. O'Neil: David just touched on that. David, you spoke with the committee on Monday or Tuesday of this week. Go ahead.

Mr. MacKinnon: I indicated to the staff of the standing committee on public accounts that we felt that since the committee was holding hearings into this matter—I think one in camera session has been held and others are scheduled—the proper forum for us to report back to would be that committee. In that connection, I had a discussion with the committee staff and indicated that a full description of the legal steps taken and the results secured would be provided to the committee by this Friday. We saw that as basically being the forum in which we should reply, out of courtesy to the committee given that it had starting the hearings into it.

I appeared, and I must say we were very grateful for the positive reception we got from the committee. I and my colleagues appeared about three weeks ago and indicated quite clearly what we intended to do. We did not indicate, of course, the exact nature of our settlement. We could not anticipate it at that time, but it was our expectation that the full details of that, along with all the other legal actions, would be provided to the committee this Friday, as agreed between myself and the committee staff.

Mr. Lavelle: Can I add one thing? In going over the course of the activities in which the ODC and the Ministry of Industry, Trade and Technology have been involved with respect to the IDEA portfolio, since we assumed the management of that portfolio on June 30, 1986, it has not been our practice, other than to inform the public accounts committee, to make specific announcements with respect to the legal action we have taken or legal actions that have been concluded.

We have conferred quite openly with the committee of the Legislature and not engaged in lengthy press releases or other kinds of public statements with respect to these activities, knowing how sensitive they are relative to the legal actions that have been involved, and they have been very extensive.

I can only say that, from the ministry's point of view and from the ODC's point of view, taking over these investments has involved a great deal of time and effort on the part of the staff of the ODC. While we continue to read of our shortcomings in the press, I think a thorough examination of the actions taken and the kinds of results that have been achieved, relative to the Middlefield corporation, for instance, or the management of the other two investments which have been referred to this morning, would reveal

that the courses of action followed have been most appropriate. I have been deeply involved in that process as well.

Hon. Mr. O'Neil: To add to that, because I know there have been questions related to this in the House, both I and the deputy have spoken with people at ODC and within the ministry and told them to co-operate in every way possible with the public accounts committee, to appear when it wants them to appear and to give it full information.

As I say, even knowing that we were going before the courts on this, Mr. MacKinnon spoke to the staff of the public accounts committee, telling them that this was happening and that he would report back to them by Friday of this week. We have tried to be right out front with all these things to make sure you know what happens as it happens. We are not trying to hide anything at all.

Mr. Barlow: With regard to the staff of the public accounts committee, is that the auditor himself and others?

Mr. MacKinnon: No, sir, it is the clerk. There are really three levels: the auditor, the clerk, and the research staff.

Mr. Barlow: Those are the people you have contacted?

Mr. MacKinnon: In this case, on the question of providing material by this Friday, I spoke to the research staff.

Mr. Barlow: I believe a meeting is scheduled for some time in mid-March for the public accounts committee to deal with this matter, is there not?

Mr. MacKinnon: Yes sir. If I can report on that, again because it goes back to the question that has been asked, we have been asked to appear. We have provided every significant paper in our possession to the committee. Also, in an unusual step, we have written to the committee clerk indicating we would appreciate it if the committee or its counsel could review our files in our offices to ensure that the committee is satisfied it has everything of material relevance.

We have also made our legal staff and our outside legal advisers available. I have agreed to provide a list on Friday to help the committee sort its way through the massive detail, a summary statement of the entire history of the Graham transaction up to July 1, because we are not in a position to testify with the same degree of accuracy about what happened before that as we are about what has happened since.

I think in all these respects the committee has had warning of significant steps that we were about to take, or a full response to a subpoena or a request to appear, or, as in the case of the agreement covering the materials to be exchanged this Friday, quite a constructive and formal dialogue on what documents were needed and what were not.

1120

May I make one comment that is not a direct response to the question but gets back to the questions Mr. Brandt raised about the portfolio? I think it would be important to add that we have had big problems with some of the bigger investments in this portfolio, but the management of some of the smaller companies has demonstrated, in some cases, that it can generate a company that is going to do useful things. In a couple of cases—I do not want to get into their names if I can avoid it in a public forum—we have really generated significant financial returns for the province because of the smaller companies and what they have done.

The reason I am concerned about them, and I make the point to you, is that I am concerned about the effects of the problems we have had with the portfolio in total upon some of the more successful smaller companies within it.

Mr. Brandt: Who was Graham Software sold to?

Mr. MacKinnon: A company called UCCEL, a major software marketer.

Mr. Brandt: Located where?

Mr. MacKinnon: It is an American company; I believe it is California. On the sale of that software, I must say the author of that software package remains in Ontario. I should also say the sale to that major American marketer was something that came after what can only be described as extraordinarily strenuous efforts to sell to a Canadian marketing company. The efforts fell through in the middle of the night, 12:30 a.m. or something, the day before a final deadline was approaching.

Mr. Brandt: I wanted to ask some questions with respect to Wyda; I wanted an update on the status of Wyda, if we could get that.

Mr. MacKinnon: Maybe I can do just a brief history of the Wyda Systems case. It will probably take no more than a couple of minutes.

When we inherited the Wyda investment, we did not take immediate action on it of the same kind we took on the two large investments, because at that time a select committee of the House was investigating the matter. We indicat-

ed informally to the committee—I have forgotten just how—that we would not be taking any major steps with respect to the next investment in that company that the IDEA Corp. had committed itself to until such time as the committee had completed its deliberations. That communication is recorded in the report of the select committee into the Caplan matter.

On both Middlefield and Graham, we moved very quickly. On Graham, we removed the IDEA Corp. director within 72 hours of assuming the portfolio. The Middlefield matter was essentially complete in all its details. Although paper continued to go back and forth until January, it was essentially complete in August.

On the Wyda matter, we held it in abeyance because the clear instructions we had from the government were that we were not to do anything which would be seen to prejudice the investigation of a parliamentary committee, and the presentation of a government cheque to the company could be seen in some ways as prejudicing the outcome.

We did very little until September, except that we monitored the company closely. We followed what it was doing. Our staff member attended the boards, but we took no concrete public financial decisions. When it became clear the company was running out of money, I appeared before the standing committee on public accounts, again with my colleagues, and asked for permission to extend an interim loan to allow it to continue until the public accounts committee could conclude its review.

The committee did give us permission to make such an interim loan, and the committee also agreed with our recommendations on the conditions that would be attached to such a loan. It was our attempt to enforce those conditions that effectively permitted us or anybody to see for the first time exactly what was going on and exactly what the affairs of the company were. The critical decision, the evolution of our handling of that, was the public accounts committee decision, which we felt was a very constructive matter.

We then appointed a receiver, once it became clear that we were not going to get the information that was needed. A receiver went in and subsequent information indicated, as I reported to the public accounts committee, substantial evidence of two problems. One was asset overvaluation on the balance sheet; and related to that was also a scientific research tax credit irregularity, common in relation to companies that had received SRTC funding. The matter

carried on from there and the history is fairly well known up until quite recently.

It was our intention to pursue matters, as I had committed before the standing committee on public accounts that we would pursue every remedy open to the government, including lawsuits. It was our intention to proceed quite deliberately in relation to the lawsuit. What changed the equation in the last week was that we did learn that Mr. Dobzinski, the president of the company, who had now left and gone to Israel, did have some assets in Canada. It was our desire to recover as much as we could from those assets. In order to do so, we had to file a lawsuit that in the ordinary course of business would not have been filed for several days or weeks.

Mr. Brandt: I understand why you would not indicate prior to taking the action that you had intended to move on Wyda in the way you did. I think that is quite appropriate, but why would you not indicate publicly after you had taken legal action to freeze assets or to make sure that they were not moved or taken out of the country? Why would the minister not make an announcement to that effect?

Mr. MacKinnon: In this case, these matters are all very recent.

Mr. Brandt: To the best of my knowledge, there was no public announcement with respect to that action.

Hon. Mr. O'Neil: Things were moving quickly. Here we were faced with a situation where these containers were being loaded with the possessions of Mr. Dobzinski. We had to move very quickly to get that in and petition the courts. When was the petition actually accepted?

Mr. Brandt: I agree with all that. I do not have a problem with that and I do not think you necessarily put it on the front page of the local newspaper that you are going to take legal action that may ultimately cost you money. But after the fact, after you have done it, because of the intense public interest in the Wyda operations and what Mr. Dobzinski did and what he was about to do, there should have been some explanation by way of statement by the minister in the House to share that information, rather than waiting for us to have to drag it out in some fashion to find out what was happening.

Mr. MacKinnon: If I may respond to that: first, the decision, the injunction was granted only on Tuesday evening of this week. These matters have all been very recent. Second, and I guess this gets to the point that all these cases raise, the present state of affairs is only an

intermediate state of affairs. We have received a 30-day injunction. In order to get that injunction, we initiated a suit, but the legal proceedings will continue. The matter is before the courts and will continue to be before the courts for quite some time. That is my expectation.

Under those circumstances, it is not our policy, given that the matter has been and is about to be before the courts again, to make very public statements for fear of interfering with those normal processes by which this kind of matter is handled.

I emphasize, this judge only granted our injunction on Tuesday evening, so not a great deal of time has elapsed. Probably what would have happened, once we were sure not only of our current position but where we might go for the next step or two, is we would have contacted the public accounts committee, as we have routinely done, and said, "This is what we are doing and this is where it is likely to go." That would ordinarily have happened within the next few days, given the usual way in which we handle these matters. Again, I emphasize, it was only Tuesday night that the judge saw fit to give us his injunction.

Mr. Brandt: Could I ask how much time is remaining? I have a number of other subjects and I am going to have to prioritize them.

1130

Mr. Chairman: Seven minutes.

Mr. Brandt: I will have to move on to something else then. I appreciate the information you have shared with us to this point, but I have a couple of other matters I want to move to.

Hon. Mr. O'Neil: I would like to put it in as a matter of record that I know that Mr. MacKinnon and Mr. Cass have been very involved with these matters and have had to do a lot of hard work. I think they have handled it in a very reputable, honest and forthright way with everyone they have dealt with. I would like to say my personal thanks to them for the way in which they have handled some very difficult problems.

Mr. Brandt: I am going to ask some quick questions. I will accept very brief answers and I do not expect the answers to be complete. I can pursue some of them with the minister later.

Could I have a quick update on the status of the export success fund, the amount of money that is in the fund, applications that are before the fund or some general information with respect to that? I have heard some problems in connection with getting approvals and I wondered if you could

give me a quick synopsis of the status of that account.

Hon. Mr. O'Neil: I will ask the deputy to touch on it, but I will also touch on it a bit. As you are likely aware, the export success fund has run out of money. If that is the problem, the good part is that it has been very successful, and there has been a demand for the money. It has worked very well and we are quite pleased with the program. When we start into the new fiscal year, there will be funding there.

Mr. Lavelle: Mr. Bronskill informs me that about \$6 million will flow under the export success fund in the current year. As the minister has indicated, we are in the process of reviewing the export success fund because of the fact that no matter how much money seemed to be allocated, there was a very quick movement on that money. Towards the end of the fiscal year a lot of people were making applications who would not receive any funds.

As a result of that, the minister has asked us to review the fund to see whether we can ensure that the applicants who are going to request it can be accommodated throughout the fiscal year and whether there should be some change in emphasis in the program to ensure that regions of the province which have not been having a fair and equal access to the program will get that in the future.

Mr. Brandt: I am glad you added that.

Mr. Lavelle: We are looking at a process of regionalizing it, so that low-growth or high-unemployment areas will have better access, particularly in southwestern Ontario.

Mr. Brandt: I am not going to ask for a response on this now, but I know it is a question very close to the heart of my colleague, Mr. Swart, that is the government's insurance program with respect to export policy and the matter of providing funds. It was a program initiative by the current minister and one which I supported. Could you perhaps share with the members of the committee an update on the status of that particular program? I do not expect it now because we will not have time to go into it.

Mr. Lavelle: You are talking about the export fund under ODC?

Mr. Brandt: Yes.

Mr. Lavelle: We can do that for you.

Mr. Brandt: I also raised it with the minister, I might add, at the time and he nodded approval across the House. I always look for nods of approval.

Hon. Mr. O'Neil: You have to be awful careful when you nod.

Mr. Brandt: Hansard does not always record nods of approval. I appreciate that, but the minister may recall in my response to his announcement that I supported the announcement because of the difficulties in the insurance business, particularly with coverage for this kind of product flow, and because of my intense interest in keeping up our export activities as high as possible.

Second, I asked the minister to look at the issue of this insurance money being made available for projects outside of continental US. My understanding was that the money was available only for US exports. If we are going to make an attempt to break away from our total dependency on the American market, which is some 90 or 91 per cent of all of the flow of exports out of Ontario, then surely the same rules should apply with even a small amount of money for exports to other countries in order to make it as attractive to get insurance for those projects and perhaps to build up some sales in those areas that would ultimately reduce our dependency on the US market to some extent.

You said you would look into that and you indicated there was some value in the suggestion I had made at the time. I wonder whether you could give us an update on that. A one-pager or two-pager will do.

Mr. Lavelle: I will be glad to do that. I think the thrust of what you are saying is that because of a number of projects that people have come to talk to us about, we are at present reviewing that in the light of your recommendations and others. We will give you that information.

Mr. Brandt: Mr. Swart has a supplementary and I have one more question.

Mr. Swart: Just very briefly, I am sure everyone here knows I propose we go much further than just the very limited \$1-million guarantee you are providing for the insurance for those exporters. Many industries and small businesses are in very real difficulty because of insurance problems and certainly are cutting back on their operations because of the insurance problems.

However, I am not going to get into that in any great detail here today. I just want to follow up on what Mr. Brandt was saying about providing us information on what is taking place. I assume that is going to be provided to all members of the committee. If I am not officially on that list, I would certainly like to have that information.

Mr. Brandt: I will share mine with you as soon as I receive it.

Mr. Swart: I appreciate that but I am sure we can all get it officially from the source.

Hon. Mr. O'Neil: We will make sure Mr. Swart gets it.

Mr. Brandt: The minister will know of my intense interest in expenses as they relate to government operations. I have placed questions in Orders and Notices. I am sorry Mr. Fontaine is not here, but the response to that question in connection with his expenses was publicly released within the last week or so.

I just took a cursory look at the minister's expenses and I was rather startled to note there was no breakout of the minister's expenses as had been the case previously. Has there been a change in the policy of the ministry? It appears you are the only minister who does not have a single-line expense breakdown any more. When I was minister, my expenses were a public piece of information, as are the expenses of all other ministers in the government. I recall looking at the expense of Mr. Nixon, as an example, and one activity amounted to \$48.

The travel expenses, which I understand included those of all the ministry staff, were something in excess of \$1 million for this time frame. I understand the minister's expenses were in that \$1 million. I am not drawing the issue to your attention because there is anything untoward about your expenses, but only because if there has been a change in policy I would like to know why and what the rationale is.

Hon. Mr. O'Neil: Maybe I can clarify something. I had quite a few calls yesterday and it came to the attention of the ministry that a CBC program announced the minister himself had spent over \$1 million on travel.

Mr. Brandt: I do not think even you could do that.

Hon. Mr. O'Neil: Even with your help, I could not. I should put on the record that the \$1 million was for a seven-month period and not only for the whole ministry but also for all the trade missions that went on. My actual costs for travel expenses totalled \$9,268. We have compared it with other years, with the previous government, and we were well below the travel costs of the previous government in the previous two years.

Mr. Brandt: You are not below mine, but that is beside the point.

Hon. Mr. O'Neil: I wanted to put that on the record, so I appreciate your asking the question.

Mr. Brandt: Do you mean to tell me that you travelled to Japan, China and India, which I am aware of, along with other trips I am probably not aware of, all that for \$9,000?

Hon. Mr. O'Neil: That was not in that year. The question in Orders and Notices was for the first seven months of our government. That did not cover that trip to China you were on or the trip to India I went on.

Mr. Brandt: I was very careful with my expenses on that trip.

Hon. Mr. O'Neil: I am very careful also.

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Mr. Brandt: Why are you not breaking out your expenses individually?

Mr. Lavelle: I am not sure. I guess we would have to go back to the phraseology of the question. The interpretation of the answer shocked all of us, as well, the way it was reported yesterday. Perhaps Mr. Bronskill can answer that question.

Mr. Bronskill: The normal public accounts accounting process is being followed.

Mr. Lavelle: What we were asked for, as I recall, was a list of travel items. There was a very long printout. It included all of the trade missions, plus all the ministry staff who travel around the world on various missions helping improve the export performance of the industries in Ontario, so that situation of the \$1 million did not reflect on actual breakdown of expenditures.

Mr. Brandt: Even prior to that question on the release of ministry information with respect to travel expenses, all other ministries have the minister's travel expenses on a separate line indicating what were their expenses related to their activities. They are either high or low or they are acceptable. I am not taking issue with what the minister expended. I quite expect, I might add, and I will put this on the record, this minister will probably have higher expenses than other ministers because he has foreign trade offices. He has a need to travel, and I completely and totally support those kinds of activities. I am not questioning that. I just wonder about the policy change with respect to pulling out the minister's expenses. They appear to be buried, if you will, within that \$1 million in a fashion that was never done before, and I only ask the question why.

Hon. Mr. O'Neil: We will check this out and we will correct it.

Mr. Chairman: As I recall, there is agreement that we will conclude the estimates of the

Ministry of Industry, Trade and Technology just as soon as we go through the votes and items.

Vote 2001 agreed to.

Votes 2002 to 2005, inclusive, agreed to.

Supplementary estimates agreed to.

Mr. Chairman: This completes consideration of the estimates of the Ministry of Industry, Trade and Technology.

Thank you, Minister, deputy and those other important people at the back.

Hon. Mr. O'Neil: Very important.

Mr. Chairman: If the committee members will remain, please, we have other business to do between now and noon.

The committee considered other business at 11:46 a.m.

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Guindon, L. B., Vice-Chairman (Cornwall PC)

Lupusella, A. (Dovercourt L)

McCague, G. R., Chairman (Dufferin-Simcoe PC)

Pollock, J. (Hastings-Peterborough PC)

Swart, M. L. (Welland-Thorold NDP)

Witnesses:

From the Ministry of Industry, Trade and Technology:

O'Neil, Hon. H. P., Minister of Industry, Trade and Technology (Quinte L)

Lavelle, P. J., Deputy Minister

MacKinnon, D., Executive Director and Chief Executive Officer, The Development Corporations

Atherton, R., Director, Finance and Administration Branch, The Development Corporations

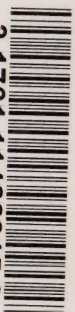
Girvin, D., Assistant Deputy Minister, Industry

Melnyk, T., Senior Manager, Strategic Planning Secretariat

Bronskill, A., Executive Director, Administration

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